



West German Foreign Minister Hans-Dietrich Genscher, center, NATO Secretary-General Joseph Luns, left, and Secretary of State Alexander M. Haig Jr., met Thursday in Brussels at the opening session of the annual year-end meeting of foreign ministers of the Atlantic alliance.

NATO Makes Invitation to Spain To Become 16th Alliance Member

By Leonard Downie Jr. Washington Post Service BRUSSELS — The NATO alliance Thursday took a historic step to make Spain its 16th member, an act intended to fill a strategic gap on the southwestern flank of the alliance in Europe and to strengthen democracy in post-Franco Spain.

In what NATO Secretary-General Joseph Luns called "one of the most significant events in the life" of the alliance, U.S. Secretary of State Alexander M. Haig Jr. and representatives of the other 14 current NATO allies signed a formal invitation to Spain.

French Firm Signs Computer Deal With Russia Worth \$300 Million

By Joseph Fitcher International Herald Tribune PARIS — A French firm, Thomson-CSF, has signed a controversial \$300-million computer deal with the Soviet Union to provide sophisticated monitoring equipment for the natural gas pipeline from Siberia to Western Europe, a company spokesman said Thursday.

The technological capability in the company's original proposal was significantly modernize the Soviet armed forces.

President Francois Mitterrand, according to French and U.S. government sources, signed a executive order in October instituting a more thorough bureaucratic review of potential sales, starting early in the negotiating process.

The Thomson sale has been an initial test case; officials are uncertain in assessing the outcome.

Confirming this, a French official, who spoke on condition that he not be identified, said the government was confident that the deal, in its new form, would be approved, even if it leaves some doubts among U.S. hard-liners on strategic trade.

Americans Called Out of Libya

U.S. Cites 'Danger' to Its Citizens

WASHINGTON — The Reagan administration, taking the first in a possible series of steps against Libya, Thursday called on U.S. citizens in Libya to leave that country and barred further travel by Americans to the North African country.

The action — prompted by what the State Department called "imminent danger" to Americans in Libya — was announced by Deputy Secretary of State William Clark. It followed weeks of mounting tension between the administration and the Libyan leader, Col. Moammar Qadhafi, who is accused by the United States of being a primary sponsor of global terrorism.

Haig Expects Little Support From Allies

NATO Officials Told Of Decision on Libya

BRUSSELS — Secretary of State Alexander M. Haig Jr. said Thursday that although the United States would welcome allied support and understanding for its actions against Libya he was resigned to being rebuffed by most West European countries.

Israel Breaks a Strike by Arabs; Egyptians Appeal for New Tactics

By William Claiborne Washington Post Service ISRAELI-OCCUPIED GAZA — Israeli security forces broke an eight-day commercial strike by Arab shopkeepers here Thursday by welding shut the doors to scores of businesses and threatening mass prosecutions, but Palestinian nationalist leaders vowed to continue resistance to a new occupation authority and the imposition of an Israeli sales tax.

The Israeli military authorities said that they used the technique of welding shut the shopkeepers' steel shutters to avoid either a further closing for 30 days or a security-violation charge that could bring five years' imprisonment.

The U.S. action, which Mr. Haig said could be the precursor of "potential further steps" was also rejected publicly by Claude Cheysson, the French minister of external relations, who said that France's evaluation of Libya is quite different.

France in the past has been in conflict with Libya primarily over Libyan activity in Chad and other former French colonies. Mr. Cheysson said, however, that Libya recently had embarked on a more constructive policy by withdrawing its forces from Chad and that such actions should be encouraged and at this time.

Kremlin Tells Alexeyeva to File for Visa

Academician Reports Sakharov in No Peril

By John F. Burns New York Times Service MOSCOW — The president of the Soviet Academy of Sciences, Anatoli P. Aleksandrov, Thursday told the young woman at the center of Andrei D. Sakharov's hunger strike that the 60-year-old physicist and his wife have halted their fast and are "in no danger" in a hospital on a diet of fruit juice.

A short while later, Liza Alexeyeva, on whose behalf Mr. Sakharov declared the fast, received a note from the government visa office here, telling her to appear Friday morning with the usual requirements for a Soviet citizen being issued an emigration permit — her passport, two photographs and 210 rubles, the equivalent of about \$298.

Together, the two developments appeared to be indirect confirmation of what Miss Alexeyeva was told Wednesday by an officer of the state security police, the KGB. In a meeting at KGB headquarters, the officer, Alexander V. Baranov, said Mr. Sakharov had ended his hunger strike after 17 days on being told Miss Alexeyeva had received a visa.

Defense Minister Ariel Sharon ordered the head of the recently imposed civilian administration in Gaza, Brig. Gen. Yosef Lutz, to end civil disobedience, which had spread from Gaza city to the rest of the densely populated strip.

Burger, Nixon Talked Of Cases, Ex-Aide Says

By Fred Barbash Washington Post Service WASHINGTON — Chief Justice Warren E. Burger openly discussed "issues before the court" with President Richard M. Nixon, Attorney General John N. Mitchell and presidential assistant John D. Ehrlichman in the White House, according to galley proofs of Mr. Ehrlichman's memoirs.

Mr. Ehrlichman says the discussions occurred on several occasions and, according to notes he says he kept, included the subject of school busing at a time when the government was involved in busing cases before the Supreme Court. It is considered improper for a judge or justice to discuss pending issues outside the judicial process.

Mr. Ehrlichman also says that Justice Burger was so eager to become chief justice in 1969 that he "was even willing to create another vacancy when Nixon wanted one" by agreeing to step down before Mr. Nixon left office.

Indian Diplomacy

New Delhi, apprehensive over the effects that India's strains with Pakistan might have on South Asian neighbors, is trying to improve ties in the region. Page 7.

Trade Warning

Saying economic relations with Japan have reached a critical point, a U.S. official warned Japan to move quickly to open its markets to more U.S. goods or face a backlash in Congress. Page 13.

Gift Guide

Wondering what to give a foreign friend for the holidays? A clock for a Chinese? Never. A pocket knife for a Brazilian? By no means. These are among many tips in a guide written in the United States. Tomorrow, an article in Weekend tells about the guide and how to get it.

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SURRENDER IN BEIRUT — Three men who hijacked a Libyan airliner give victory salutes. They were protesting the disappearance of a Shiite Moslem leader. Story, Page 2.

Two armed Israeli soldiers patrol a deserted street of Rafah in the Gaza Strip.

Table with exchange rates for various countries including Algeria, Argentina, Australia, Austria, Belgium, Canada, Denmark, France, Germany, Greece, Hong Kong, India, Italy, Japan, Korea, Kuwait, Lebanon, Libya, Luxembourg, Malaysia, Mexico, Netherlands, Norway, New Zealand, Oman, Pakistan, Portugal, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, U.K., U.S., West Germany, Yugoslavia, and Zaire.

Schmidt Visit In E. Germany Starts Today

Bonn Leader Hopes To Renew Dialogue

BONN — Chancellor Helmut Schmidt travels to East Germany today for the first top-level East-West German encounter on German soil in 11 years.

The chancellor has staked a great deal on maintaining the dialogue between East and West, particularly in times of tension such as the aftermath of the Soviet intervention in Afghanistan two years ago.

He and Foreign Minister Hans-Dietrich Genscher have met leaders from nearly all Soviet-bloc states in the last few months, while the chancellor will meet with President Reagan in the United States next month.

But while other East-West exchanges have continued, the chancellor's three days of talks with Communist Party leader Erich Honecker will be the first between East and West German leaders since 1970.

Brandt's 1970 Visit

Relations between the German states have been put on a more normal footing since former Chancellor Willy Brandt's visit to Erfurt in March, 1970. But they remain more susceptible than others to shifts in overall East-West relations, a vulnerability highlighted by two postponements of the Schmidt-Honecker meeting in the last two years — first because of Afghanistan and then following labor unrest in Poland.

The chancellor believes the two Germanys, on the sensitive edges of the East-West divide, have a special duty to promote peace and security in Europe. But he cautioned last week against exaggerated expectations from his talks with Mr. Honecker.

Mr. Brandt's Erfurt meeting heralded a change in inter-German relations. A package of records, including the 1971 four-power Berlin agreement and the 1972 East-West German "basic treaty," helped stabilize life in the former German capital and opened up the prospect of travel between East and West.

But the movement has been mostly one-way — from West to East — and even this has been curtailed since October of last year, when East Germany more than doubled the amount of hard currency Westerners must exchange on visits to the East.

This was clearly in the chancellor's mind when he spoke last week of overcoming setbacks in inter-German relations.

Bonn wants East Berlin to abolish the increase but denies reports that agreement has already been reached to cut it back and virtually eliminate the exchange levy for pensioners, children and invalids.

Head of UN's Refugee Body Accepts Nobel Peace Prize

OSLO — King Olav V formally presented the 1981 Nobel Peace Prize Thursday to the Office of the United Nations High Commissioner for Refugees for helping the world's 16 million victims of war, poverty and persecution. It was the second time the office has won the award.

Paul Hartling, the high commissioner of the body, accepted the \$180,000 prize, which he said would go toward the purchase of medical equipment for refugees who are crippled.

"We will use the funds to provide hospital care, artificial limbs, wheelchairs," said Mr. Hartling, a former Danish premier who has held the UN post since 1978.

Mr. Hartling cited growing refugee colonies in Latin America, Africa and Asia as matters to be faced by the refugee commission.

John Sanness, the Nobel Peace Committee chairman, said the group would continue to be crucial in the future. "In the years that lie ahead, also, we shall encounter men and women on the run," he said.

The refugee office was founded in 1951. It won the 1954 peace prize for its resettlement of Europeans left homeless by World War II.

Ten other Nobel laureates, six of them U.S. citizens, received their gold medals, diplomas and checks from Sweden's King Carl XVI Gustaf in Stockholm last Thursday.

The 1981 medicine prize was split among Roger Sperry and David Hubel of the United States and Torsten Wiesel of Sweden. They were honored for their work on the human brain. The literature award went to Elias Canetti, a Bulgarian-born Jewish novelist who lives in Britain, for his works on fascism, dictatorship and mass psychology.

The economics prize was given to James Tobin of the United States, for studies of how financial decisions are made. The chemistry award went to Roald Hoffmann of the United States and Kenichi Fukui of Japan for work on anticipation of the course of chemical reactions. Americans Nicolas Bloembergen and Arthur Schawlow and Kai Siegbahn of Sweden won the physics prize for their laser beam studies.



Paul Hartling with the peace prize.

Reagan Urged to Seek 4 Changes In Draft Treaty on Law of the Sea

By Bernard D. Nossiter
New York Times Service

UNITED NATIONS, N.Y. — A nine-month policy review by the Reagan administration has concluded that the United States should negotiate changes in a treaty regulating use of the seas and their mineral resources rather than abandon it, according to administration officials. President Reagan is expected to announce this decision by the end of the month.

The officials said Wednesday that the principal agencies involved, the Departments of State, Defense, Treasury and Interior, have agreed that the best course for the United States is to renegotiate provisions that create an international cartel to manage the mining of nickel, copper, cobalt and manganese on the seabed.

An "options paper" is to be sent to Mr. Reagan. Officials said it weighs the advantages and disadvantages of refusing to sign the Law of the Sea treaty, the product of eight years of labor by 150 nations.

Mining Sections

The United States said last March that it could not conclude the agreement and that more time was needed for the new administration to make up its mind.

Nearly all the other nations engaged in the drafting have warned that no important changes will be accepted at this late date.

It is the deep-sea mining sections that have drawn most criticism in the United States, especially from companies that have begun to mine minerals in the oceans. The 1980 Republican platform complained that the treaty "in-

bits U.S. exploitation of the seabed for its abundant mineral resources."

Administration officials are also concerned by what they call the "institutional precedent." The treaty creates a global authority that would limit the amount of minerals to be drawn from the sea. The pact explicitly states that this device is designed to support the prices of minerals mined on shore. Canada, the world's leading nickel producer, and Chile, Peru, Colombia, Zambia and Zaire all mine one or more of the minerals that are found in the sea.

Administration officials fear that a cartel for seabed mining will open the door to parallel devices for many other commodities.

4 Important Areas

The interdepartmental paper that Mr. Reagan will receive urges renegotiation in at least four important areas. One is the formula for a production limit now written into the draft treaty.

Another is the treaty's demand that companies given licenses to mine sell their technology at "fair and reasonable terms" to an international agency that would exploit the seabed for Third World nations. The mining companies complain that this leaves them little bargaining power.

The third area involves a council of 36 nations with the power to make policy for seabed exploitation. The formula for membership suggests that the United States, Japan, West Germany, Britain and France will be the only industrial nations to be members and they could be outvoted by a combination of Third World and Soviet-

bloc countries. The United States wants voting in the council weighted to reflect the fact that most of the investment will come from the industrialized five.

Finally, the administration is disturbed over a "review conference" that would take place 20 years after commercial mining begins. Two-thirds of all nations signing the treaty could then rewrite it. In effect, the United States might become party to treaty provisions that the Senate would have no chance to approve.

OAS Human Rights Text Criticized as Weak

The Associated Press

CASTRIES, St. Lucia — The Organization of American States has approved a human rights resolution that has been criticized as being weak because it does not mention any specific country as a violator of rights.

After it was approved Wednesday, Barbados' ambassador to the OAS, Charles A.T. Skotee, said the resolution, based on a draft prepared by Argentina, had emerged as weak because of a lack of U.S. leadership for something stronger. He said Barbados would not support such a resolution next year.

The resolution fails to mention any specific country but asks general progress toward respecting human rights. Argentina said it was supporting the resolution because it did not mention specific countries.

The OAS members, meeting as a committee, approved the resolution by acclamation. That leaves only a final open vote before its adoption is official.

Everett E. Briggs, U.S. deputy assistant secretary of state for Latin American affairs, told the OAS members that the resolution was "perhaps not perfect," but was one

"respectable and deserving of the support of all member nations."

Accusation Against Argentina

WASHINGTON (AP) — Argentina's security forces dumped bodies into the sea from helicopters in a "foolproof form of secret liquidation" to rid the country of suspected subversives, an associate of the Carnegie Endowment for International Peace charges in an article in Foreign Policy, published by the endowment.

"Bodies were dropped by helicopter into the Antarctic-bound

currents of the South Atlantic, alive or ripped open to make them sink," wrote Charles Macchling Jr., an international lawyer and a former State Department adviser on political and military affairs in the Kennedy and Johnson administrations.

Mr. Macchling gave no attribution for his assertions. A Foreign Policy staff member said a similar account is contained in an appendix to the record of the House Foreign Affairs subcommittee on international organizations and human rights, which held hearings in September, 1979, into alleged disappearances in Argentina.

6-Page Ad in U.S. Assails French Socialists

Washington Post Service

WASHINGTON — There, between the ads for dining room furniture and the weekly specials at a local food store, was an extraordinary 16,000-line treatise on the state of socialism in France.

Published at a cost of more than \$100,000, the six-page advertisement in Wednesday's editions of The Washington Post was the creation of an obscure, ultraconservative organization called the Societies for the Defense of Tradition, Family and Property. The group has chapters in the United States, in addition to nine other Western Hemisphere countries, as well as France, Spain and Portugal.

Later Wednesday, the organization announced that the advertisement was the first in a series to be published internationally warning that the Socialist government in France portends dangers for the West.

Under the title "What Does Self-Managing Socialism Mean for Communism: A Barrier? Or a Bridgehead?" the article went into polemical detail about the Socialist Party's program since it took power in France and concludes with a quotation from the Lady of Fat-

ima, "In the end my immaculate Heart will triumph."

The group's lobbyists in Alexandria, Va., were not available for comment. A news release said the advertisement was a "detailed analysis of French self-management" that showed that French Socialism "aims at the disintegration of today's society into an anarchic utopia."

Several sources characterized the group Wednesday as a Brazilian-based Roman Catholic lay organization supported by several wealthy land owners and industrial families primarily in South America.

In Paris, authoritative government sources said that they were not prepared to react to the advertisement, but were studying it. "There is absolutely no panic and we far more interested in knowing who or what is behind the advertisement," a spokesman at the Elysee Palace said Thursday, adding that there might be some reaction "later."

The Rev. Enrique T. Ruenda, a staff member of the Free Congress Research and Education Foundation, a conservative research group here, called the group a well-financed Catholic lay organization that produces professionally designed newsletters and background papers on anti-Communist subjects as well as such issues as abortion and private property rights.

Thomas Quigley, Latin American adviser to the U.S. Catholic Conference, said the organization "considers most of the changes in the Catholic Church and society are bad and is very much oriented to the supposed ideals of the Middle Ages."

Woman, 74, Imprisoned For Red Brigades Role

GENOVA — A local court Thursday convicted Caterina Picasso, 74, on terrorism-related charges and sentenced her to three years and four months in prison.

Mrs. Picasso, a widow, was arrested in October, 1980. Police seized arms, ammunition and a file of the Red Brigades from her apartment which, they said, was a terrorist hideout. She was tried with 31 others on charges of belonging to an armed band.

WHAT MEANS 'HAPPY CHRISTMAS' IN ANY LANGUAGE?

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A tourist country par excellence, Mexico offers you a fascinating journey through time and space, taking you back to the pre-Columbian era whose mysterious Olmec, Toltec, Mayan and Aztec civilizations have left impressive reminders of the distant past. Later came the colonial period, with its legacy of Baroque palaces and richly decorated churches like Santa Prisca in Taxco... and, more recently, the explosion of modern Mexico, proudly typified by the capital, Mexico City, with its broad avenues, tree-shaded parks, and museums housing innumerable treasures of the fabulous past as well as striking examples of contemporary Mexican art, not forgetting Guadalajara, a large up-to-date town which has succeeded in preserving its old-world charm. Here too are many beach resorts, some of them world-famous like Acapulco, Puerto Vallarta, Mazatlan and Cancun; others more unspoiled, featuring immense expanses of fine sand fringed by tropical vegetation such as Ixtapa-Zihuatanejo, Careyes and the beaches of Baja California. There is a wide range of hotels and restaurants serving delicious Mexican specialties. And everywhere you'll encounter a hospitality as warm as the sunshine which this friendly country enjoys all the year round.

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The flight smoother and quieter than they'd expect. And the food fit for heroes. (Who knows more what heroes like to eat than the Greeks?)

Have you offered them the Olympic experience recently? It really is a more civilised way to fly.

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From the people who invented civilisation:
A more civilised way to fly.

At Olympic, the international airline of Greece, we've taken a leaf out of our ancestors' book. Like them, we believe that life was meant to be better. So on Olympic flights, your clients will find the seats a little more comfortable than usual.

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Reagan Lets Air Controllers Seek Other U.S. Jobs

By Lee Lescaze
Washington Post Service

WASHINGTON — President Reagan has opened future federal employment to striking air traffic controllers, but has made clear that he will never permit them to have the jobs they want most — their former positions in the Federal Aviation Administration's control towers.

Mr. Reagan's decision, announced on Wednesday, to remove the three-year bar to all federal employment for the 11,500 striking members of the Professional Air Traffic Controllers Organization fell far short of the demand by the

AFL-CIO and other unions that the strikers be returned to their jobs.

The controllers' union spokeswoman, Marcia Feldman, called it "a cruel hoax" to offer federal employment while federal agencies are cutting back personnel because of the Reagan economic program.

"We're deeply disappointed," she said.

"We are clearly disappointed," added AFL-CIO spokesman Rex Hardisty. "It is not what the AFL-CIO executive council had in mind last week when it asked the president to show compassion."

The president said his decision

had been motivated by compassion. "I am sure that many of those who were misled or badly advised regret their action and would welcome an opportunity to return to federal service," he said.

Transportation Secretary Drew L. Lewis told reporters that the action is "a final decision within this administration." Mr. Lewis said that because of animosity between the controllers who struck and the 2,000 controllers who crossed picket lines to work, and supervisors who continued working, it would be dangerous to allow the strikers to return to the towers.

Miss Feldman said the union is

asking Reps. William D. Ford, Democrat of Michigan, chairman of the Post Office and Civil Service Committee, and Elliott H. Levitas, Democrat of Georgia, chairman of the investigations and oversight subcommittee of the Public Works and Transportation Committee, to investigate whether the working controllers are really alarmed at the prospect of the strikers' return, as Mr. Lewis maintained.

Air traffic around the nation was disrupted Aug. 3 when the controllers walked off their jobs to demand more money and a shorter work week. Mr. Reagan took a

firm line, declaring the strike illegal because it violated the no-strike provision of their contract with the federal government.

Donald Devine, director of the Office of Personnel Management, said any controllers who apply for federal jobs "will have to go through a new suitability determination." This will test whether they were involved in any acts of violence or coercion in connection with the strike.

Mr. Devine conceded that the Defense Department is the only government department with job openings in this period of government cutbacks.

The controllers will be eligible to apply for positions in the nation's military control towers — jobs Mr. Lewis said pay roughly half the \$22,500 to \$49,800 that controllers earned with the FAA.

The FAA borrowed military controllers to help keep the system operating after the strike began. Mr. Lewis said that 2,000 to 3,000 new controllers are needed to restore full air traffic service, and that about 6,300 new civilian controllers will be needed before all the borrowed military controllers and others pressed into temporary duty will be returned to their usual jobs.



LIGHTS ON — A first view of the entire aurora borealis oval, or the northern lights, as the phenomenon was photographed from NASA's Dynamics Explorer spacecraft on Sept. 15 from about 14,000 miles above the Earth's north pole.

Ex-Officials Clash in U.S. On Air Fares

Disagreement Centers On Competition Policy

By Carole Shifrin
Washington Post Service

WASHINGTON — Two high transportation officials have clashed over the wisdom of the former administration's policy favoring competition in international aviation.

Alfred E. Kahn, former chairman of the Civil Aeronautics Board, told a House Public Works and Transportation subcommittee Wednesday that travelers and the new airlines offering lower fares would be the losers if the nation abandoned its competitive policy.

"We have the most dynamic, aggressive, low-cost airline industry in the world; the way to keep it so is to retain competition," he said.

In contrast, Brock Adams, former secretary of transportation, argued that U.S. airlines are losing money and market share as a result of the policy, under which bilateral agreements were negotiated with some countries to allow greater pricing freedom and freer access to routes.

"The use of bilateral agreements ... has been a disaster," Mr. Adams said. "The only successful new U.S. carriers have been those engaged in limited point-to-point service."

Mr. Kahn disagreed. He said losses of the U.S. airlines in many cases could be attributed to other factors, including bad management, domestic routes, rising fuel prices and the recession. Besides Air Florida, one of the beneficiaries of the pro-competitive policy, Mr. Kahn noted that Trans World Airlines also had an operating profit on its North Atlantic services.

Now a lawyer whose clients include TWA, Mr. Adams said that the United States should allow U.S. airlines to participate in International Air Transport Association conferences that set rates for flights across the North Atlantic.

Mr. Kahn said that statistics show the U.S. airlines have done better and increased their market share on the routes on which more competition has been allowed. Allowing U.S. airlines to participate in the cartel's activities would mean higher prices, since most countries whose carriers participate in IATA adopt the cartel's pricing decisions.

Mr. Kahn said, "It would be supremely ironic, if it were not also sad, if the Europeans, who are trying to emulate American policies and are increasingly excited about the prospects of giving their citizens the benefits of competition, were to find themselves passing us flying off in the opposite direction."

3 Indicted in Palermo In '72 Crash of DC-8

The Associated Press

CATANIA, Sicily — The former director of the Palermo airport and two others were indicted Thursday on charges of multiple manslaughter in connection with the 1972 crash of an Alitalia jetliner that killed all 115 persons aboard.

The specific reason for the charges against the three was not made public. Some court sources said they were being held responsible for poor equipment at the airport.

House Passes Budget Cut Backed by Reagan

From Agency Dispatches

WASHINGTON — A deeply divided House Thursday passed by a 218-197 vote a Republican-backed plan to give President Reagan \$4 billion in additional spending cuts in domestic programs this fiscal year.

The final vote came only moments after the chamber, on a vote of 222 to 194, rejected an alternative Democratic proposal that would have made \$3 billion in cuts in the catch-all bill to keep the federal government from running out of money on Dec. 15.

Republicans in the Senate said they would use their majority to approve the bill there, perhaps as early as Friday.

House Republicans warned in advance that Mr. Reagan would veto the bill if it did not contain all \$4 billion in additional reductions he sought.

"The president means what he says," said Rep. Silvio Conte of Massachusetts, the top-ranking Republican on the House Appropriations Committee.

"We will be here on Christmas Eve angry and frustrated," he said, raising the specter of repeating last month's confrontation in which Mr. Reagan vetoed one bill, the government was without operating funds for a day and the president ordered much of the bureaucracy shut.

That impasse was temporarily resolved with passage of an emergency bill that will expire at midnight Tuesday.

The \$4 billion in additional cuts in domestic programs contained in the latest measure is less than half of what Mr. Reagan asked for last Sept. 24. At that time, he called for cuts of 12 percent across the board, or about \$8.4 billion.

But in the maneuvering over an earlier interim funding bill, he said he would meet Congress "halfway" and offered to settle for a \$4 billion reduction.

On the principal issue of contention, House Democrats wanted to spend more on domestic programs and slightly less on foreign aid than the administration sought. As a result, they said the battle was over budget priorities and not so much on overall levels of spending.

Under either plan, there would be no additional cuts in defense, benefit programs such as Social Security and food stamps, medical care for veterans, revenue sharing and law enforcement activities.

The measure is needed to provide funds for virtually the entire federal government through the end of the fiscal year on Sept. 30, 1982, because action has not been completed on most of the regular money bills that provide such funds.

In addition, the bill provides pay increases for an estimated 40,000 to 50,000 federal workers whose salaries have been capped for several years.

Meanwhile, Treasury Secretary Donald T. Regan said that the administration hopes to hold the 1982 budget deficit below \$100 billion without rescinding or delaying the income tax cut enacted in August.

Office of Management and Budget spokesman Edwin L. Dale Jr. indicated that reaching that goal would depend on a combination of events — congressional approval by June of cuts in certain federal benefits, such as food stamp and health care payments, which have not yet been proposed by Mr. Regan, and an early recovery from the recession.

He also said the president is contemplating sending Congress some proposals for spending cuts in so-called discretionary programs.

Mr. Regan's comment Wednesday was in response to disclosure earlier this week of an internal administration working paper predicting a 1982 deficit of \$109 billion, more than double the \$43 billion forecast in September. Asserting that these estimates were very provisional, Mr. Dale said "the estimates are already changing" and "the '82 deficit is already lower."

Acknowledgment

While Mr. Regan emphasized efforts that would be made to hold down the deficit, his statements were an acknowledgment that the deficit this fiscal year would probably be around \$100 billion.

Mr. Regan, while discouraging speculation that the administration would ask Congress to raise taxes, seemed to hint at a breakfast with reporters that the White House was prepared to accept a natural gas decoupling bill that included a new federal tax on gas.

Reminded that Mr. Regan promised in a letter to a democratic congressman last summer to veto a "windfall profits" tax on gas, Mr. Regan seemed to say that the president would have to eat those words. "I wonder how it tastes if you cut it up into pieces and put mustard on it," Mr. Regan quipped. Larry Speakes, White House spokesman, sought to make light of Mr. Regan's comment, saying "he was just speculating" about a choice Mr. Regan might have to make.

New Envoy to France Is Named by Britain

The Associated Press

LONDON — John Fretwell, 51, Britain's deputy ambassador to the United States, will become ambassador to France early next year, the Foreign Office said Thursday.

Mr. Fretwell, a career diplomat, is fluent in French, Russian and Chinese. He replaces Sir Reginald Hibbert, who will retire at age 60 after serving in Paris for three years.

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How corporate wealth is distributed in France and Europe in 1981

Le Nouvel Economiste's "5000" lists 5000 corporations in order of importance

Where are those companies that were leaders a year or two ago? Are they going up, down, merged or have they simply disappeared? With France's oldest and most complete business reference book, the answers to such questions are found almost instantly. Over 40,000 documented facts help readers keep up with the positions of their clients, competitors, prospects and suppliers.

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Differences on Socialism, Sports Contribute to Seychelles Unrest

By Alan Cowell
New York Times Service

VICTORIA, Seychelles — Two Soviet naval ships are anchored in the turquoise waters off Mahé, the lush, main island of the Seychelles archipelago, symbolizing the strategic upper hand that Moscow seems to have gained in recent years in this part of the Indian Ocean.

There is a new army here, too, that Moscow has armed. Against this, 120 Americans maintain a U.S. Air Force satellite tracking station on a jungle-covered hill overlooking Mahé and aid from the West accounts for a quarter of the national income, one of the highest per capita aid figures in the world.

But, somehow, in the humid heat that slows a visitor's brain to a tickover, such weighty considerations of East-West rivalry lose their focus.

A person here, for instance, can lease a coconut tree for \$10 and a number will be painted on it, bestowing exclusive rights to its produce. The person can then eat its fruits and tap its juices to make a toddy. A well-used bucket, full of enzymes, must be employed, so as to ferment the brew. The beverage, a resident said, imparts a "mild buzz."

There is a political opposition to the president, Albert René, and it was implicated in an attempted coup by white mercenaries late last month. The attempt, which failed, served as an illustration of the political tensions that have sprung up since Mr. René took power in a coup four years ago and wrenched the somnolent islands onto a Socialist course that gained him enemies among the business and entrepreneurial class who had most to lose.

Yet the opposition, which calls itself the Movement for Resistance and has threatened to try again to depose Mr. René, has origins that, according to a Seychelles journalist, are less ideological.

Gerard Hoareau, the former chief immigration officer, was once a midfield player with a soccer team called The Rovers. The team manager was Paul Chow. In 1979, sport in the Seychelles un-

derwent "regionalization," a policy that meant the demise of The Rovers and of clubs such as The Rangers.

Mr. Hoareau and Mr. Chow and others associated with The Rovers were incensed, the journalist, Ibrahim Afif, said, and turned against Mr. René's regime. Spurred, too, by other discontents, they became dissidents in exile and formed a soccer-playing core of opponents who last month used mercenaries disguised as rugby players to try to overthrow the government.

"Every time there is a crack-down," Mr. Afif said, "you can be sure that ex-Rovers people will be rounded up."

The attempted coup demonstrated the passions aroused by this archipelago of 92 islands, not only among its own politicians but also in the confrontation between East and West. The two Soviet naval ships came here as a gesture of support for Mr. René after the botched raid, which was led by mercenary Michael Hoare, 62, and



Albert René

sharply with Mr. Mancham's free-wheeling, capitalist approach. The Socialist president has tripled expenditure in two particular spheres: security, reflecting a desire for entrenchment of a regime that some Seychellois say privately is not universally popular, and social services.

The nation's showpiece is the National Youth Service, an experiment to build Socialism at a beach-side camp for boys and girls between the ages of 16 and 18 and thus help create the fabric of what Mr. René calls "the new society."

The 800 boys and girls are being taught in a new way to make them into the kind of "fuller" personality the new society needs, administrators say.

Coup Suspect Arrested

VICTORIA, Seychelles (AP) — Seychelles police Thursday arrested a South African, Jeremiah Cornelius Puren, 57, whom they had listed earlier as being among those who took part in the coup attempt Nov. 25, the government announced.

Antonio Beaudoin, Seychelles director of information, said Mr. Puren had been found in dense jungle behind the Pointe Larue airport where the coup bid started. Mr. Puren, a veteran of Britain's Royal Air Force and of the South African Air Force, was a close friend and adviser to Moïse Tshombe during the Congo fighting in the 1960s and was a friend of mercenary leader Michael Hoare.



James Mancham, the former Seychelles president in 1977.

ASEAN Backs 3-Group Regime for Cambodia

By William Branigin
Washington Post Service

PATTAYA, Thailand — An association of Southeast Asia's non-Communist nations Thursday endorsed new proposals for an anti-Vietnamese coalition government of three Cambodian resistance groups, but appeared to back away from suggestions that the association would then give the groups military aid.

Concluding a one-day meeting at this Thai resort, the foreign ministers of the Association of Southeast Asian Nations issued a statement backing proposals put forward by Singapore last month to break a deadlock in the Cambodian group's efforts to form a coalition government. The proposals provided for a "loose coalition government" in which the ideologically divided groups would retain their independent identities.

The ASEAN statement noted that two of the Cambodian groups — the anti-Communist Khmer People's National Liberation Front led by former Premier Son Sann and the Moulinaka faction of former Cambodian head of state, Prince Norodom Sihanouk — had expressed their full support for these proposals.

The statement urged the third and most powerful resistance group, the Communist guerrillas of Cambodia's deposed Khmer Rouge government, to "respond positively" to the proposals. The Khmer Rouge has said that it would reply in two months.

Unlike Singapore's statement, issued Nov. 24 in Bangkok after talks with the three factions, the ASEAN statement Thursday made no mention of applying military pressure to force Hanoi to end its three-year occupation of Cambodia. The Vietnamese invaded Cambodia in December, 1978.

The ASEAN foreign ministers made it clear, however, that their acceptance of the Singapore plan for a Cambodian coalition meant that any of the five member countries could give military aid as in-

dividual states to groups in the coalition without objection from the other ASEAN members.

Conference participants said that clarification of this point became necessary when Indonesia last week expressed strong opposition to the idea of ASEAN's providing arms aid to Cambodian resistance groups.

Foreign Minister Mochtar Kusumaatmadja of Indonesian insisted on his arrival in Thailand that ASEAN should stick to its original purpose of economic and political cooperation rather than take on a military character. ASEAN includes Thailand, Malay-

sia, Indonesia, Singapore and the Philippines.

At a joint news conference concluding Thursday's meeting, Mr. Mochtar said that he was "satisfied that the coalition proposal was just that" and not something that would entail an ASEAN military commitment.

The foreign minister of the Philippines, Carlos Romulo, seconded this view, saying that "we didn't want to follow in the footsteps of the late lamented and defunct SEATO." He was referring to the Southeast Asian Treaty Organization.

Foreign Minister Suppiah

Dhanabalan of Singapore said that ASEAN as a group was "committed to a political solution" in Cambodia and that it was up to the Cambodian resistance groups themselves to provide the military pressure on the Vietnamese.

However, last month Deputy Prime Minister Sinnathamby Rajaratnam of Singapore said in Bangkok that his city-state was willing to aid militarily the non-Communist groups in an eventual Cambodian coalition. He urged other countries — especially Western democracies such as the United States — to contribute arms aid also.

UN Extends Probe of Chemical-War Charges

By Michael J. Berlin
Washington Post Service

UNITED NATIONS, N.Y. — The General Assembly, overriding Soviet-bloc objections, has voted overwhelmingly to continue an investigation by a four-man panel of experts into charges that Soviet-made chemical weapons have been used in Afghanistan and Indochina.

The vote Wednesday was 86 to 20, with 34 abstentions, and only the Soviet Union and its closest allies opposed it.

U.S. representative Kenneth Adelman charged that the treaties banning chemical warfare, signed

by both the Soviet Union and Vietnam, "are being flagrantly violated," and this use of toxins "has growing implications for both present and future arms control arrangements."

The UN panel's first report, released last month after the experts had examined American evidence and visited refugee camps in Thailand, was disappointing to U.S. officials.

"Cautious in the Extreme"

The experts, from Egypt, Peru, Kenya and the Philippines, "were cautious in the extreme and did not address much of the evidence

we submitted," a U.S. diplomat said.

Despite the contention by high officials in Washington that the data constituted a "smoking gun," the UN panel reported itself "unable to reach a final conclusion as to whether or not chemical warfare agents had been used."

It did say that the symptoms in some of the cases reported "could suggest a possible use of some sort of chemical warfare agents."

U.S. officials expressed the hope that with its new mandate, the panel would be able to conduct more extensive interviews with Afghan refugees in Pakistan and

Clergy Criticizes Haitian Regime

United Press International

PORT-AU-PRINCE, Haiti — A year after a government crackdown on opponents and critics, the Haitian Religious Conference has issued a report harshly critical of conditions in the country.

"Today, society is cracking at the deepest roots of its noblest values that forged the country's history," said the group, a Roman Catholic organization of nearly 1,500 priests and nuns.

A year ago, President Jean-Claude Duvalier jailed or exiled scores of journalists and human rights activists. In its report, released Wednesday, the conference said its calls for leniency had gone unheeded.

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India Seeking Better Ties in Region As Relations With Pakistan Worsen

By Stuart Auerbach
Washington Post Service

NEW DELHI — India has embarked on a major diplomatic campaign to improve ties with its South Asian neighbors following its worsening relations with Pakistan, one of the largest and most powerful of its neighbors. At the same time, India has begun talks with China, another neighbor, in an effort to solve an old border dispute that erupted into war almost 20 years ago.

High-level Indian officials have gone to Bangladesh and Nepal, while a Sri Lankan Cabinet minister held talks here, and President Neelam Sanjiva Reddy planning to visit the island republic early next year. Even Bhutan has not been left out; the Foreign Ministry official dealing with that tiny king-

dom is scheduled to pay a call there soon.

This round of neighborly calls was prompted by the realization among some members of the government of Prime Minister Indira Gandhi that the increasingly strained relations between India and Pakistan means that New Delhi must mend its fences with the other nations of South Asia if it is to remain the dominant power in the region.

India's Isolation

India has found itself increasingly isolated in the region during the last two years, taking positions contrary to its neighbors in the United Nations and the non-aligned movement on issues such as the Soviet intervention in Afghanistan and the recognition of the Vietnamese-installed government in Cambodia.

In one of the most significant instances of India's efforts to improve its regional relationships, Eric Gonsalves, one of the top civil servants in the Ministry of External Affairs, reported substantial progress in talks last week on leasing to Dacca a strip of Indian territory leading to two Bangladesh enclaves.

This positive development came after months of often bitter wrangling over issues ranging from the division of waters from the Ganges River to the ownership of a tiny, newly formed island in the Bay of Bengal.

Foreign Minister P.V. Narasimha Rao's visit to Nepal late last month was viewed here as a success even though several differ-



Indira Gandhi

India, China Open Bilateral Talks Aimed at Solving Border Dispute

By Christopher S. Wren
New York Times Service

PEKING — Nearly two decades after they fought a short and bloody border war, China and India took a major step Thursday toward improving relations by opening bilateral negotiations to seek an eventual solution to their Himalayan frontier dispute.

The delicate talks, the details of which are being kept secret, were agreed to when the Foreign Minister Huang Hua made a fence-mending visit to India last June.

No specific agenda has been announced and Peking-based diplomats do not expect any breakthroughs at this initial session, which is scheduled to last until next Monday. An Asian diplomatic analyst said he believed that the two sides would start by seeking modalities, or mutually suitable frameworks for dealing with the complex and emotional border issue. But the talks will also embrace trade, scientific, and cultural contacts.

Cordial Welcome

So far, the Chinese have cordially welcomed the Indian delegation, which arrived Monday evening to prepare for the negotiations. At a banquet here on Tuesday night, Deputy Minister of Foreign Affairs Han Nianlong said that China was "very pleased" about the talks and hoped that "with our common efforts, our discussions will surely proceed smoothly and our friendly relations will grow."

Eric Gonsalves, the head of the Indian delegation, replied that "we have no way to go other than forward with our friendly relationship." Mr. Gonsalves, who is secretary of the Indian Ministry of External Affairs, had made a preparatory visit here last year.

In another tentative sign of improving relations, it was announced last week that Prime Minister Indira Gandhi of India had accepted an invitation from Premier Zhao Ziyang to visit China at some future date. The invitation, originally extended when Mr. Huang visited New Delhi last June, was renewed when Mr. Zhao met Mrs. Gandhi at the North-South economic summit in Mexico in October.

The border dispute led to fierce high-altitude combat in 1962. India has accused the Chinese of seizing nearly 14,500 square miles in the Aksai Chin and Ladakh region of their common western frontier. The Chinese in turn have claimed that India holds about 56,000 square miles of former Chinese territory on their eastern frontier.

Last year, China declared that it was not asking for the return of territory "illegally incorporated into India by the old colonialists." Peking proposed that both countries make concessions by accepting the realities of the present border. India rejected this as acquiescing to China's seizure of its land.

The dispute exists because India adheres to the so-called McMahon line drawn between India and Tibet by the British in 1915, while China bases its claim on a tributary-based "traditional and conventional" frontier.

Because the positions are so entrenched on both sides, the mutual decision to undertake the talks at all is viewed as something of a breakthrough. The Chinese had previously contended that the border issue was so formidable an ob-

stacle that both sides should concentrate on other aspects of their bilateral relations. The Indians maintained that no real improvement in relations was possible until the border question was settled.

China's interest in restoring good relations with India seems motivated at least in part by its concern about Soviet activity in southern Asia, notably Afghanistan. Peking has also shown signs of wanting to bolster its standing in the developing world following its participation at the North-South economic talks in Cancun, Mexico, earlier this fall. It recognizes India's stature as one of the founders of the nonaligned movement.

After Chinese troops overran the disputed border region in the west in October, 1962, diplomatic ties were virtually frozen until five years ago, when China and India decided to restore ambassadors. A slow and irregular thaw followed.

In early 1979, India's foreign minister visited Peking only to return home prematurely because China had attacked Vietnam, which India supported. Prospects for improving relations were further stalled when Mrs. Gandhi recognized the new Vietnamese-backed regime of Heng Samrin in Cambodia in place of the deposed Pol Pot regime backed by China.

However, last year, the Chinese leader Deng Xiaoping was quoted as telling an Indian visitor to Peking that he saw no reason why the border problem could not be solved by repeated discussions. Last June, when Mr. Huang paid the first significant Chinese visit to India since Chou En-lai in 1960, he told reporters that he thought a "fair, comprehensible and reasonable" solution could be found.

Bands of Pilgrims

The Chinese have since allowed small bands of Indian pilgrims to visit holy sites in Tibet. The overland trade route between India and China remains closed, except for what gets smuggled through Nepal. Nonetheless, Chinese-Indian trade has grown from virtually nothing two years ago to an estimated \$100 million annual turnover, running heavily in India's favor.

The contested border regions have been generally tranquil in recent years. Indian press reports last September that a company of Chinese troops had penetrated a few hundred yards into Indian-held Ladakh were promptly denounced as "pure fabrication" by the People's Daily in Peking.

The Chinese Communist Party newspaper suggested that the story was being spread by pro-Soviet elements to sabotage the normalization of relations between China and India.

Asia's two largest countries also have other political differences that are bound to influence the talks. Peking considers the government of Mrs. Gandhi too pro-Soviet and New Delhi has resented Chinese support for Pakistan's claim to the area of Kashmir held by India.

relations ranging from harnessing Himalayan water resources to declaring Nepal a zone of peace could not be glossed over.

Allusion to Arms Decision

Mr. Rao made it clear during his visit to the small kingdom, which shares a border with China, that any effort to weaken India would be "counterproductive" for the other nations in the region. That seemed to be an allusion to the U.S. decision to sell arms to Pakistan, which New Delhi views as a threat.

"None of the countries of the region stand to gain anything by India being weakened or embarrassed in any way," Mr. Rao said.

India is extremely jealous of its status as the dominant force in the region — it is the most powerful country militarily and has the strongest industrial base — and resists any effort by its neighbors or outside powers such as the United States that New Delhi feels could undercut it.

That view was reflected in a statement by Mrs. Gandhi during her election campaign when she complained that India's position in the region had fallen to a low point while she was out of office.

'Little Bhutan' Remark

"Even little Bhutan is making eyes at us," she said in a reference harking back to the Hindu view that lesser should not dare cast a glance upward at a better.

As a result of the new U.S. relationship with Pakistan, which the Reagan administration sees as the eastern anchor of a strategic grouping to protect the Gulf from Soviet expansionism, it appears that New Delhi is trying to reach a new accommodation with its South Asian neighbors to preserve its position.

Indian officials privately agree they are not as worried about the infusion of new U.S. arms to Pakistan as they are of the political implications of the new relationship, which could allow Islamabad to pose a political threat to India's primacy on the subcontinent.

It is unclear whether this view led to the long-stalled Indo-Chinese talks that started Thursday in Peking, although China and Pakistan are firm friends and some Indians have expressed the fear that their country will be squeezed by what is sometimes referred to as the "Washington-Islamabad-Peking axis."

Canada Energy Bill Clears House

New York Times Service

OTTAWA — Canada has moved closer to adopting a law limiting foreign participation in oil production on federally owned lands and giving the federal government a vested interest in future energy revenues.

After the Liberal government forced an end to a yearlong debate, the House of Commons on Wednesday passed, 125-102, the Canada Oil and Gas Act, which regulates exploration and production on federally owned properties, in offshore areas and in the Yukon and Northwest Territories.

The legislation goes to the Senate, where quick passage is expected.

In January, the second major measure in Canada's planned National Energy Program, the Energy Security Act, is to be introduced in the House. This includes incentives for further exploration that favor Canadian companies over foreign ones.

Ownership Goal

The measures have been strongly opposed by energy companies and has caused diplomatic strains with the United States.

Federal officials are maintaining their goal of raising Canadian ownership of oil and gas production to 50 percent by 1990 from the current 35 percent. The incentive program, by which compensation for exploration costs would rise in proportion to the degree of Canadian ownership, is regarded as a major instrument to achieve this goal.

The Oil and Gas Act has two key provisions: One calls for at

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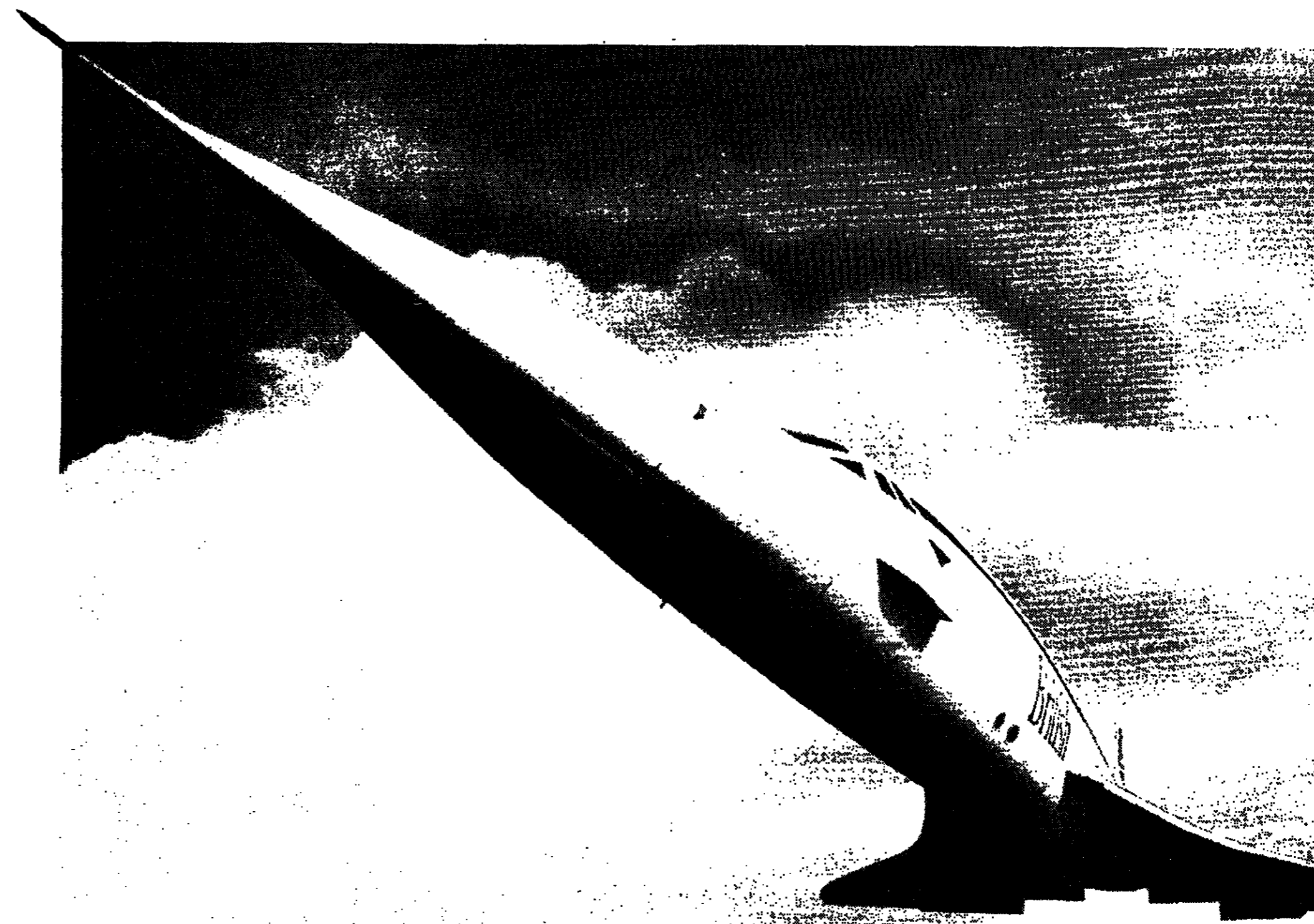
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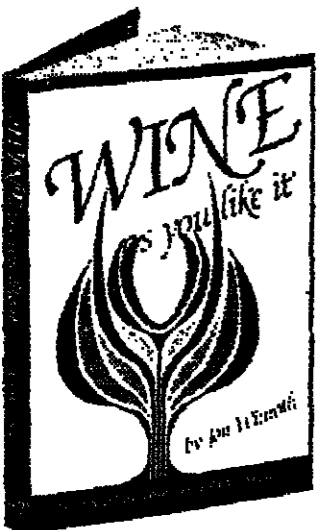
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The Paris Opera: Tales of Hope, Scenes of Woe

By David Stevens International Herald Tribune PARIS — The atmosphere surrounding the Paris Opéra has long swung wildly between states of euphoria and crisis, but these two conditions can rarely have existed simultaneously, as they have in the last few days.

The unaccountable optimism came at a press conference at which Culture Minister Jack Lang introduced Massimo Bogianckino, who is to take over in 1983 as *administrateur général* (in effect the artistic director) of the Opéra, and Paul Pnoux, who already has taken over as the house's chief overall administrator.

Getting Outside Help Once again, as they did a decade ago in hiring Rolf Liebermann to get the Opéra off the rocks, French cultural authorities have gone outside France to get an experienced man of the theater.

Royal Ballet Stages 'Illuminations'

By Noel Goodwin International Herald Tribune LONDON — The Royal Ballet at Covent Garden has just acquired a ballet by Sir Frederick Ashton, 33 years after it was first announced for the company.

The ballet was first planned in 1948, then shelved after the death of Christian Bérard, who was to design it. Instead it was created with designs by Cecil Beaton as an Ashton work for the New York City Ballet, which premiered it in 1950 and brought it to London on its first visit the same year.

With the Beaton designs faithfully reproduced for the new production, it looks almost chic, were it not for the inventive metaphors and swift aliveness of Ashton's choreography.

right-hand man at the Avignon Festival and the festival's director after Vilar's death, impeccable credentials for running one of France's principal cultural monuments under a leftist government.

They will need all of their skills and experience to keep their unwieldy ship afloat, let alone on course. Pnoux has already bumped his head against the Opéra's endemic labor problems, failing to persuade the electricians to push the button that would lift the curtain on a planned new production of Rameau's "Platée."

The labor problems were a key element in the turbulent rehearsal period, climaxing in the stormy departure of the production's stage director, Henri Ronse, and the designer, Beni Montresor. Although rehearsals were near completion, Bernard Lefort, the current artistic director, canceled the entire series of "Platée" — which was to have marked the gala reopening of the Palais Garnier after being closed several months for renovation of stage equipment — and has scheduled a series of ballet performances in their place.

Lefort, with 18 months to go before Bogianckino takes over, has meanwhile been leaving his ups and downs carrying out one of the new government's principal goals — finding a wider audience for opera. "Carmen" at the 4,500-seat Palais des Sports did not please the regulars, but reached a lot of people. The Opéra also has a share in Peter Brook's compact "La Tragédie de Carmen" at the

Bouffes du Nord, brilliant but hardly a formula for the future of opera. A trio of contemporary works at the Pompidou Center did not please, and the triple bill became a double bill after the first night. Kiri Te Kanawa and Frederica von Stade sold out "Der Rosenkavalier" at the Théâtre des Champs-Élysées, but Strauss' large orchestra had to be struck to fit in the theater's small pit. A series of contemporary ballets by the Opéra's experimental dance group was strictly for friends.

One of the ups has been the appearance at the Champs-Élysées of Rossini's "Semiramide," one of the hits of Lefort's tenure as director of the festival in Aix-en-Provence. The last opera the composer wrote for Italy, it has been enjoying a new lease on life since its revival with Joan Sutherland and Giuliet-

Spain's 'Picasso' Town

By James M. Markham New York Times Service

CALTOJAR, Spain — Until recently, few people had heard of Caltojar, a village in the north-central province of Soria with one telephone and 207 inhabitants. Then Angel Nuno, the secretary of Caltojar's town hall, got the idea of painting imitation Picassos on its white walls and low adobe buildings.

"At first we thought of paying homage to Velazquez," Nuno said. "But then we realized that it was the year of Picasso and that 'Guer-

Simionato at La Scala two decades ago, although it has not been seen in Paris in living memory.

This time the soprano and mezzo have been Montserrat Caballé in the title part and Marilyn Horne in the trouser role of Arsace. They won ovations for their singing in the two celebrated duets, although these days the soprano tends to save herself for the big moments, while the bass Samuel Ramey all but stole vocal honors with Assur's grand, almost Verdian scene of remorse.

Pier-Luigi Pizzi's modish, all-white sets, with sliding doors and walled staircases, seemed too aseptic for such a passionate work, but his staging functioned well enough considering that he was given no time to rehearse in Paris. Jesus Lopez-Cobos conducted fluently.

Fitness Clubs Attracting 'Singles'

By Robert Lindsey New York Times Service

LOS ANGELES — Most evenings hundreds of young men and women flock to the Holiday Health Spa on Olympic Boulevard, ostensibly to play racquetball, swim or lift weights.

But for many of them, including those who crowd the club's L-shaped, co-educational whirlpool tub, keeping fit is only an incidental pursuit. Here and in other American cities, the health club has become a new kind of meeting ground for young single people.

"Health clubs are becoming the singles' bars of the '80s," says Ronald Gasaway, who manages the American Fitness Center in a suburb of Atlanta.

Most of the clubs, sometimes called "total fitness centers" in current jargon, are elaborate shrines for Americans' recently awakened zeal for fitness. But many of those being set up now also include restaurants, bars, lounges and a social calendar of dances, ski trips and other events that seem more tailored for courtship than losing pounds or toning muscles.

Peter Jones, a vice president of Western Athletic Clubs Inc., said the clubs were meeting the needs of a "new generation of men and women who are downtown professionals and work in city centers." Western Athletics owns two elaborate clubs in San Francisco and another in Seattle, is building a \$10-million facility in Houston and has plans for similar facilities in Boston, Washington and other cities.

More Wholesome Atmosphere Jones said he doubted that such clubs would put many singles' bars out of business. But he said the clubs were playing a social role by bringing people together in an atmosphere more wholesome than a singles' bar. "Where is the young woman to go to meet a man?" he asked.

Interviews in several major U.S. cities indicated that despite the economic downturn there has been a rapid expansion in the development of facilities that combine sports and exercise facilities with social programs, and the interviews indicated that many members regard them as a desirable alternative to bars. "It's much less of a meat market here, so it's a lot easier to talk to people," said Mary Chappuis, a



Jim Bolden works out at coeducational Santa Monica Athletic Club in California.

Lowering the Barricades

By Robert Lindsey New York Times Service

It's like going anywhere where you're interested in the same things," she said. "It lowers people's barriers when everyone's groaning together."

"The cool workouts are fun," said Arthur Brown, of the Downtown Court Club in Chicago. "The first time I came, some great looking girls were nearby doing their stretches, and I did about 1,000 sit-ups. I think it's the meeting place of the 80s."

Jim Bolden, who owns a fresh fruit "juice bar" at the Santa Monica Athletic Club, says about 80 percent of the members "come to socialize and work out," and 20 percent come for a hard-core workout.

"You can meet upwardly mobile people, not a lot of gym rats," he went on. "You can combine your time with working out and socializing."

Laurence Shames, a New York free-lance writer and a member of the Lincoln Square Squash Club near Lincoln Center, met his wife playing squash last year. "I really think the majority of people do go to play squash," he said. "But there definitely are people who make their contacts there; you're there with people with whom you have something in common. And you get to see everyone in shorts."

Wirtschafts Woche

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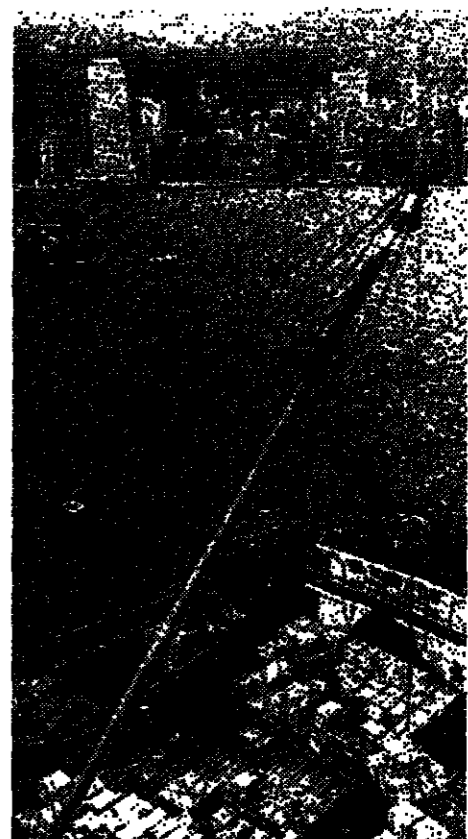
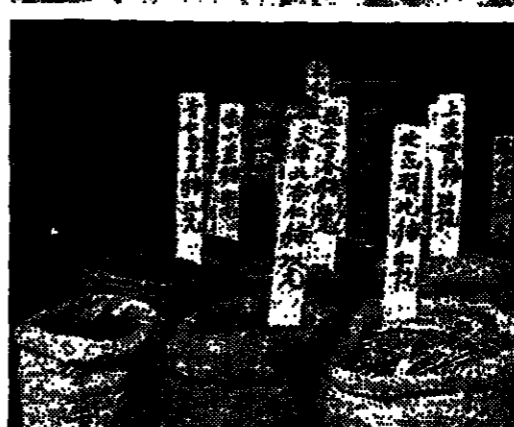
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HONG KONG
A SPECIAL SUPPLEMENT



The Changing of the Guard

By Peter Cordingley

ONE DAY next April, Hong Kong will begin the first day of whatever is left of the rest of its life. That is when the man who has governed the colony since 1971, Sir Murray MacLehose, steps down. Whoever replaces him will have the task of guiding the territory through its most crucial period since it was first occupied at the height of Britain's empire-building days a century and a half ago.

Traditionally, an incoming governor's term of office is for four years. By the time it is over, Hong Kong will probably know if it is to be allowed to survive into the 21st century as basically the same freak of history it is now — a free-for-all capitalist colony, trespassing on the world's most populous, and arguably most xenophobic, Socialist state.

In 1997, Britain's lease on five-sixths of Hong Kong, the New Territories hinterland running up to the Chinese border, expires. In Western political terms, that may seem a long way off — there will be at least four U.S. presidential elections before then — but some of the most powerful forces in the colony measure time differently. They gauge things by the number of years it takes to begin banking the profit on an investment, and the 15 years to the end of the lease will soon be a decisive factor in their confidence in Hong Kong's economic future.

These millionaire investors are unlikely to make do for much longer with the twice-avowed, but essentially meaningless, assurance from China's Deng Xiaoping that they can "put their hearts at ease."

Commitment Needed

In the absence of anything better to go on, Hong Kong government officials repeat the deputy chairman's message as if it contained some inscrutable significance that only they and Mr. Deng are privy to. But privately, the government knows, Hong Kong's international business community knows and the men in the street also probably know that sometime during the next few years — and almost certainly before the end of the next gubernatorial term of office — a specific commitment will be needed on what happens after 1997.

Not that China is under any formal obligation to give one. It does not recognize the New Territories lease or, for that matter, the earlier ceding in perpetuity of Hong Kong Island and the Kowloon Peninsula, and so, publicly at least, for Peking 1997 is of no more importance than any other year.

But the Chinese need Hong Kong to remain a prosperous and "foreign" territory so that it will provide foreign exchange for the "four modernizations" program. So while they may say in public that they are in no hurry to settle the colony's status, they will probably be just as anxious as the British to start working on a blueprint for the future when Prime Minister

Margaret Thatcher visits Peking sometime next year.

But where would the next governor of Hong Kong fit into this scenario? Certainly not as a participant in talks — they would be between London and Peking. But he could have a special role to play in the wings — to maintain the splendid relations that Sir Murray has carefully built with the Chinese leadership.

Given this, many people say that there would appear to be an obvious favorite among the half-dozen or so contenders tipped for the post. That is Sir Edward Youde, deputy undersecretary of state at the Foreign and Commonwealth Office in London. As a former ambassador to Peking and a Mandarin speaker, the 57-year-old Sir Edward would need little briefing on China.

He recently underwent coronary-bypass surgery, but is already said to be fully recovered and anxious to take over in Hong Kong. For those people who see Sir Edward moving into Government House next April, the operation explains the somewhat alarming fact that, with only five months to go until Sir Murray's departure, no successor has been named. They say that he was probably chosen several months ago but that Whitehall has been waiting to see how he recovered before making an announcement. The thinking in those circles is that the announcement of Sir Edward's appointment will be



Sir Murray MacLehose



Sir Jack Cater

London's Christmas present to Hong Kong. But the trouble with that sort of Christmas present is that you cannot take it back, and many people in Hong Kong think that Sir Edward would be the wrong man.

Wealth Distribution

While acknowledging his diplomatic qualifications, they say that a different sort of governor is needed to guide Hong Kong through the decisive period ahead. What is needed, they say, is an administrator, someone capable of tackling the complex domestic problems of a city-state of 5 million people that in 30 years has surged from being a backwater entrepot to one of the top 20 trading powers in the world and one of the top four financial centers.

The people of Hong Kong are

A Flagship of Resilience

By Alan Hargreaves

FOR HONG KONG manufacturers, each September is a big month. It is the time of the year when the tiny territory undergoes a surge in exports to fill the Christmas orders of major buyers in North America and Europe.

September this year was very much like any other. Output and exports were up, and credit was easily secured. For the people of Hong Kong, these are not surprising trends. But against the current rigors of the international economy, Hong Kong stands out as the flagship of resilience to world recession.

Growth projections for the colony are already nudging 10 percent, making it the front-runner in economic performance not only in Asia but in the world.

According to third-quarter figures, exports were up 23.4 percent from 1980, while re-export growth managed to steam along at 27.3 percent. Such figures reflect Hong Kong's reputation as one of the most flexible economies in the world.

Quick to Adapt

Faced with fundamental changes in traditional markets and growing protectionist sentiment in the West, the myriad numbers of small manufacturers have been quick to adapt. The weakened Hong Kong dollar has forced many to cut profit margins heavily in an effort to maintain international competitiveness. At the

same time, the economy is showing definite signs of moving up the technological ladder to higher-value-added manufacturing products.

Moving "upmarket" is an increasingly common theme in Asia. The scenario goes something like this: Asian populations are becoming better educated; the cost of labor is escalating; overseas markets are slapping quotas on traditional labor-intensive exports such as textiles and basic electronic goods; the solution, therefore, is to move into higher-technology manufacturing products that so far have no protectionist restrictions, that yield greater value added and that a more educated Asia is increasingly able to produce.

To some extent, this indicates that one form of technology transfer has successfully taken place. Televisions, for example, were once assembled in North America.

When labor became too expensive compared to less developed countries, the assembly process was moved out to places like Hong Kong. Having now learned the television business, Hong Kong manufacturers have moved on to design and manufacture their own sets and some are now considering moving the assembly business to somewhere with lower labor costs — places as far afield as Sri Lanka, although Guangdong province, across the border in China, is a more likely destination.

The trend is not confined to the so-called new technology sector. Traditional sectors are moving in

the same direction. Textiles remain the backbone of the economy but are undergoing rapid transformation in product lines. This is largely because of quotas and tariffs in major markets. To get around restrictions on basic garments, manufacturers are moving into higher fashion — so much so that highly regarded European and U.S. brand names are turning to Hong Kong to produce new designs.

Fashion Industry

Hong Kong's own fashion industry made an especially well-received debut at the Paris *pre-emptor* shows earlier this year — much to the surprise of manufacturers and designers elsewhere in the world.

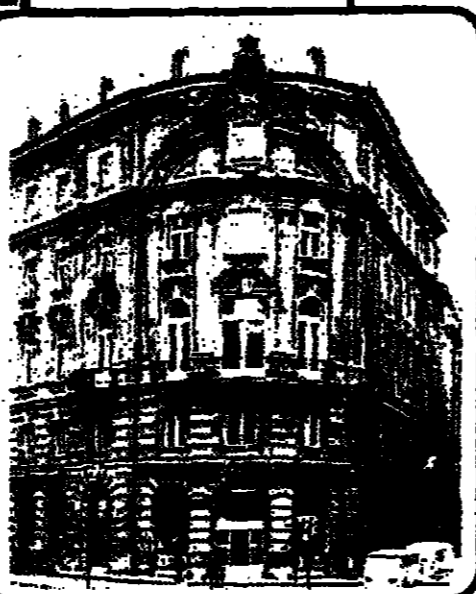
In the technology-based industries, the move upmarket is more visible, although they are still dominated by thousands of small firms. Many of these companies, however, are emerging as sophisticated electronics manufacturers in their own right. Astec International Ltd., for example, began operations in 1972, assembling low-cost electronic components. Today, it designs, develops and engineers high-level components that are incorporated into some of the most sophisticated products coming out of California's so-called Silicon Valley.

To a large extent, Hong Kong is able to move quickly into high-technology products because of the relative cheapness of the technology.

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Is Time Running Out On 'Borrowed Place'?

HONG KONG, Chou En-lai said 20 years ago, will remain Hong Kong as long as it is of value to China.

Relations between Hong Kong and China, based on interdependence, have never been better.



Young Chinese in Shen Zhen town, capital of new economic zone bordering Hong Kong.

At the end of Britain's lease on the New Territories in 1997, how to give discernible substance to such an optimistic view is another matter.

China has never recognized the legality of any treaties related to Hong Kong. They are unequal and were signed under duress by the Qing dynasty.

Foreign administrators defer to a de facto Chinese proconsul, a prosperous banker and businessman, and investment booms.

The Controversial Nationality Act

BRITAIN'S controversial new Nationality Act, which creates three categories of citizens, has caused considerable concern in Hong Kong.

As the Hong Kong Association — a group of prominent business leaders — said in a statement: "Despite the high level of confidence that the British government and the People's Republic of China will in due course reach an accommodation acceptable to the people of Hong Kong which will secure its future beyond 1997, the fact that at present there is no indication of actual progress towards such an accommodation inevitably increases [local] sensitivity towards any action by the British authorities which appears to weaken the status of Hong Kong and Hong Kong-born citizens. There is certainly a strong feeling that, in the

3 million British subjects born in the colonies British overseas citizens (BOCs). But as the BOC term did not accurately reflect the relationship between the U.K. and Hong Kong, the Hong Kong official said, "we protested."

What happens when 'dependence' on Britain finally ends?

At no time did Hong Kong object to Britain's right to set its own immigration house in order. "It is well understood," said Sir Y.K. Kan, chairman of the Hong Kong Association, "that Britain cannot accord several million Hong Kong-born people the automatic right to enter Britain permanently. No organization in Hong Kong suggests such an obligation or possibility."

But during the passage of the latest act, British administrators in the colony were aware of the unhappiness among their subjects and when the House of Lords approved an amendment allowing Gibraltarians the right to British citizenship, they were helpless against a barrage of criticism calling the move racist.

Colony's Past Lies Buried Under Layers of the Present

By Anton Ferreira

IN THE LAST 30 years, Hong Kong has boomed and grown rich, but along the way it has lost its past, if not its soul.

The colonial trading post's phenomenally successful transformation into one of the world's major finance and business centers has created an almost insatiable demand for office and living space, but space is one thing that Hong Kong does not have much of.

A lecturer in history at the Hong Kong University, Alan Birch, estimates that 95 percent of the buildings have been built since World War II, and the remaining 5 percent are fast being squeezed out.

He believes that visible reminders of a place's history are necessary to give people a sense of identity, but says that it was no use preserving individual buildings.

The government has not done a great deal to preserve the heritage, apart from appointing a semi-official Antiquities Advisory Board, which is empowered only to recommend the preservation of buildings.

But whatever its aesthetic merits, it was probably more than any other building the symbol of old Hong Kong, so when the owners announced that the site was to be redeveloped, a large section of the foreign community was outraged.

The club's fatal flaw was that it occupied a choice site in central Hong Kong with an estimated redevelopment value of \$300 million. As a gracious retreat where tired executives relaxed with brandy and cigars, it was not doing full commercial justice to its location.

said that there was an extremely good historical case for preserving it, but the government decided that it was not in the public interest to spend so much taxpayers' money on compensating the owners for the loss of its redevelopment potential.

"We have great difficulty preserving privately owned buildings," Mr. Bard said. "We need a very strong case, and even when we do have one, as with the club, we are not necessarily successful. Commercial interests have a very strong impact here."

According to its annual report, what the board has achieved is the preservation of "some historically interesting postal boxes," some old electric street lamps and the last four working gas lamps in the territory.

Mr. Bard would like to do more, but it is already too late. "We looked for an intact part of typical old Hong Kong to preserve, but we couldn't find one. Redevelopment has encroached everywhere. Characteristic buildings are disappearing at a colossal rate, probably faster than anywhere else in the world."

After its failure to save the club, the board has become pessimistic. The oldest hotel in Hong Kong, the Regence Bay, built 60 years ago and the scene of fierce fighting during the Japanese World War II invasion, is due for demolition early next year.

The chairman of the society, another architect, David Russell, is equally gloomy. He believes that old Hong Kong is the victim of the government's inability to keep pace with the planning demands of the colony's rapid postwar growth.

Mr. Russell is critical of the government for what he sees as its failure to take the initiative in planning on a human scale, but he reserves some of his strongest condemnation for professional colleagues.

He stresses that, with a little imagination, property developers could increase their profits and improve the environment at the same

time. But their insistence that "cheapest is best" results in drab uniformity and, what is worse in Hong Kong's cash-register consciousness, false economy.

Second, and perhaps more instructively, they look west, across the Pearl River estuary to the little Portuguese enclave of Macao. The Portuguese have maintained themselves on the China coast for more than 400 years without a treaty.

Foreign administrators defer to a de facto Chinese proconsul, a prosperous banker and businessman, and investment booms.

A survey conducted in Hong Kong recently showed that roughly one-third of the population would choose to leave if it were repossessed by China. Unless some sort of confidence boosting formula is evolved soon, the exodus of the skilled and their money will gather pace, and the stability and prosperity that Peking relishes in Hong Kong will begin to crumble.

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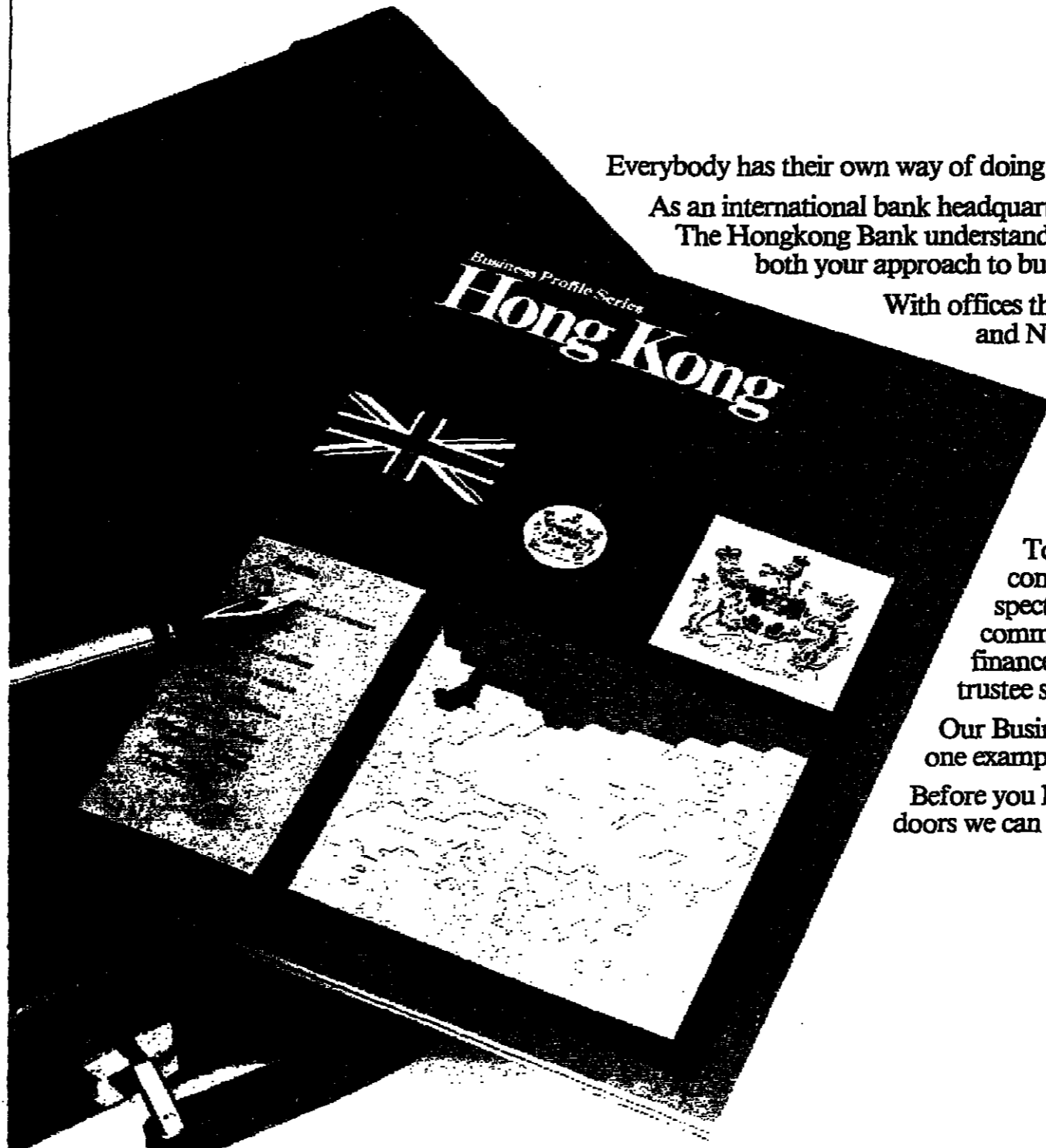
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The Changing of the Guard

(Continued from Page 95) economic injustices of a colonial system have been tackled during Sir Murray's governorship, the critics say. He may have displayed far more compassion than any of his predecessors for the people of Hong Kong, but when he leaves next April, the territory will still be basically what it was before he arrived: a money-making machine geared exclusively to the interests of big business.

that Hong Kong's considerable wealth is more evenly distributed. That man, they say, is Sir Jack Caser, who until recently was the colony's chief secretary. Sir Jack has served in various posts in the territory for the last 36 years and is the nearest thing in the administration to a man of the people.

The time has come, the critics say, for a governor who is trusted by Peking but who is also prepared to break with the old ways and see

Supervising the Securities Market

Special to the IHT
ROBERT FELL is a man with a big job and not much time. As Hong Kong's newly arrived commissioner for securities, he made it clear in his first week that he intended to impose some discipline on the stock market. But his appointment is temporary and the position has been advertised internationally.

Mr. Fell's point is that there must be equity between all shareholders in takeovers and mergers and that, when control of a company has a value in itself, the premium must be shared by everybody. In other words, fair play dictates that an offer be made to all investors in a company, not just a lucky few.

While that is accepted practice in Europe and the United States, a series of takeover bids has demonstrated that Hong Kong investors cannot take fair play for granted.

The issue came to the fore again last month with a proposed merger of two companies under the control of Sir Y.K. Pao, the world's largest private shipowner.

Takeover Proposal
 His proposal, in effect, was for Hongkong and Kowloon Wharf — the subject of a highly undisciplined takeover battle only last year, and in which Sir Y.K. Pao has a 47-percent interest — to swallow his flagship World International, in which he and his family own 75 percent. Sir Y.K. Pao's interests would end up with 45 percent of the combined group's capital.

The arrival of Mr. Fell notwithstanding, the proposal once again demonstrated the weakness of Hong Kong's Securities Commission. Having already ruled last year that Sir Y.K. Pao had taken control of Wharf, the commission could not now say that he had taken control with the latest deal. So it could not ask him to make a general offer. Even if the commission had made such a request, it could not have enforced it. Last year, it called on Sir Y.K. Pao to make a general bid, and he simply said that he did not have the resources.

As in the battle in 1980 for Wharf between Sir Y.K. Pao and Hongkong Land, the Securities Commission failed to act quickly to protect minority shareholders. No adviser was appointed to put the case for small shareholders, who were being asked to vote for the merger three weeks before they received the formal document. Such niceties were overlooked as the Securities Commission gave tacit blessing to Sir Y.K. Pao. Subsequently, the position was rectified by the Wharf board at the behest of the commission.

The commission is understaffed and has a lack of expertise. It also has the thankless task of trying to enforce a voluntary code on an extremely swashbuckling business community. Mr. Fell's arrival may change that. He has the advantage of coming in as an outsider with few worries about whose toes he steps on.

Too late for him, but of potential use to his successor, is the planned merger of Hong Kong's four stock exchanges. Under the terms of a government sale of land on the waterfront in the Central commercial district, the developer must provide space for a unified stock exchange operation in 1984.

The four existing exchanges have already met and elected as first chairman Woo Hon Fai, who heads the Kam Ngan exchange, the second-largest.

In theory, one exchange should be easier to control than four. It should also be possible for tighter appraisal of companies asking for a listing — certain recent overpriced issues have been heavily subscribed but have rapidly traded at a discount on the flotation price. The exchanges have shown little enthusiasm for a merger, however. They are inching ahead under government pressure, but even so have failed to meet government wishes that two pairs of exchanges merge as a halfway step.

If exchange officials plan to resist a strengthening of the Securities Commission's powers, they are likely to find a champion in Chairman-elect Woo, who has long voiced his opposition to an overregulated market.

On the other hand, Financial Secretary John Bremridge said that he would like to see greater stock exchange self-regulation. "Freedom must be exercised prudently," he said after the Wharf-World merger was proposed. "Some actions this year by stock exchanges, brokers and other securities dealers have arguably not contributed to the establishment of the securities industry in Hong Kong on an essentially self-regulating basis," he said.

Mild words, but they must be seen in the context of a traditional reluctance by the government to interfere in the free running of the economy, and of the belief among even small investors — the very people who stand to get hurt the most by sharp practices — that speculators are to be admired for their panache.

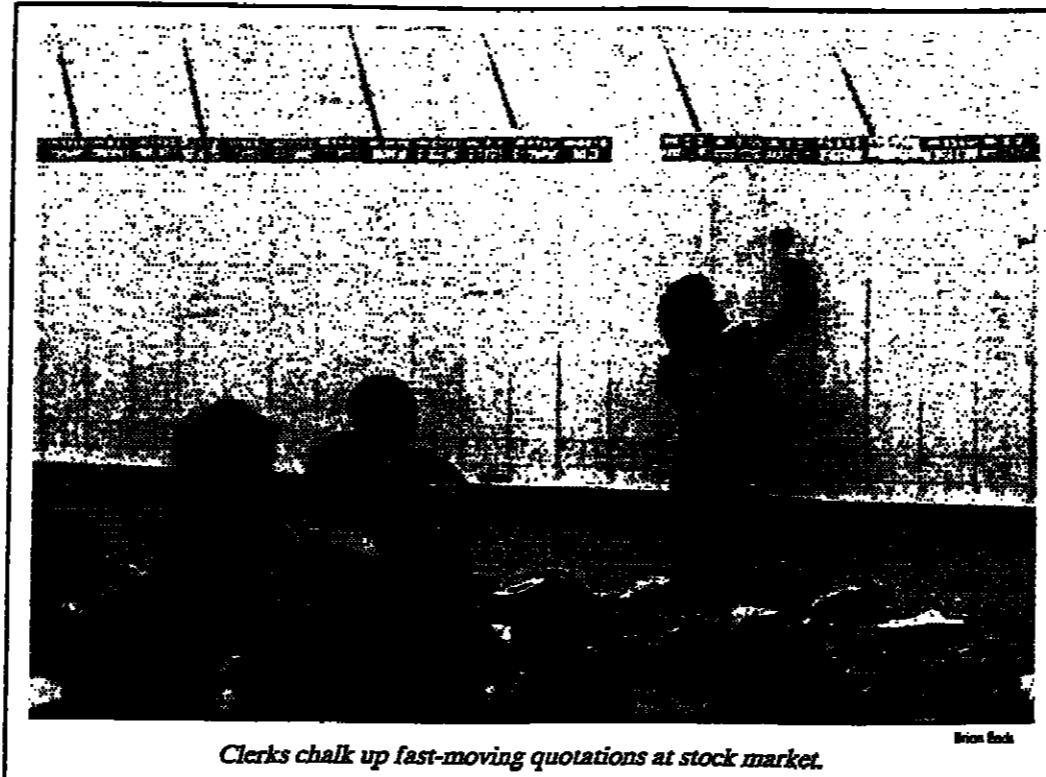
Against such a background, consideration of the fundamentals of the market seems rather mundane. Yet for all its flaws, Ho. g. Kong has held up as well as other markets. The Hang Seng index, which doubled from 700 to 1,500 points in 1980, broke out of a consolidation phase to set a high just short of 1,800 points in July.

The market appeared strong, and price-earnings ratios compared well with Singapore, Kuala Lumpur and Tokyo. In addition, the market was underpinned by institutional and foreign buyers. While the small punter is still in there, the *amateur* (home helps) and taxi drivers' clubs whose dollars and cents helped fuel the 1972 bull rush were largely absent.

Stock Drops
 But just as the blue-skies brigade was forecasting the breaching of the 2,000 mark, falls in New York, London, Tokyo and — most dramatically — Singapore and Kuala Lumpur helped to pull Hong Kong down.

The market is still highly sensitive to interest rate changes, and the raising of the local prime rate to a record 20 percent in response to soaring U.S. rates, and a serious weakening of the Hong Kong dollar, were more than the market could take.

The Hang Seng index plunged 600 points, but the drop did at least give the market the chance to demonstrate that it is fundamentally stronger than eight years ago.



Clerks chalk up fast-moving quotations at stock market.

HONG KONG

Grass-Roots Democracy Is Object of Experiment

Special to the IHT
NEXT MARCH, Hong Kong will begin an experiment with what the government calls grass-roots democracy. In order to give the average citizen more say in some matters that affect his daily life, elections to local bodies known as District Boards will take place in the New Territories. Later, the scheme will be extended to the urban areas of Kowloon and Hong Kong Island.

The government says that the electoral exercise is evidence of its responsiveness to a better-informed and more outspoken generation, but social pressure groups have dismissed it as cosmetic and more likely, if anything, to increase the man in the street's sense of alienation than to ease it.

Certainly, if the interest displayed so far is any measure of public feeling, the pressure groups would seem to be closer to the mark than the authorities. A major publicity campaign was launched, with television stars and soccer players urging public participation, but of the 1.3 million registration forms distributed, less than 300,000 have been returned.

That the government should welcome this response as "most encouraging" may seem surprising to anyone unacquainted with the administration system in Hong Kong and with the relationship between those who govern and those who are governed.

Power Delegated
 Power is delegated from London to the governor who, with his Executive Council, makes major policy decisions on local administration. The membership of the council is made up of "officials," usually senior civil servants, and "unofficials," handpicked members of the public who normally represent business interests.

Below the Executive Council is the Legislative Council, which, again, is composed of officials and unofficials and is also chaired by the governor. Its proceedings are totally stage-managed, and a vote against a resolution guarantees headlines the next day. Questions from the unofficials are submitted in advance and the questioner receives his reply in advance. These are also released to the press.

Supplementary questions can be asked but these, too, must be submitted in advance and sometimes the reply is a simple "yes" or "no."

The unofficials do, however, constitute a channel of possible complaint from the public through their own body, known as the Unofficial Members of the Executive and Legislative Councils (Umelco), which can have a persuasive effect on officialdom.

Below the Legislative Council — a long way below — is the Urban Council, which does have some elected members. But because its powers are so limited — virtually no more than street-sweeping and the upkeep of public parks — and because most people do not meet the necessary qualifications to vote

Tourism a Big Foreign-Currency Earner

TOURISM accounts for one-third of Hong Kong's foreign currency earnings from "export" services, and only transport accounts for a higher proportion of invisible earnings.

This goes some way toward explaining the widespread nervousness in the tourism industry about the colony's newly acquired reputation as "the rudest place in Asia."

Hong Kong's "fragrant harbor," as viewed from the island's Peak after a nail-biting crawl up the mountainside by cable car, remains one of the world's most dramatically beautiful panoramas. But the delights on offer in neighboring Asian countries are lacking in Hong Kong. The golden beaches are few and, in the summer months, as crowded as the rush-hour subway; the sex-for-sale is surly, middle-aged and expensive; and the much touted traditional Chinese festivals are a touch too homogenized.

But which of Hong Kong's neighbors can offer the same teeming vibrancy, the same culinary delights ranging from soufflé to snake soup, a made-to-measure suit in 24 hours, the latest European percent from the previous year. But the rate of spending was down 1.6 percent, and the biggest spender, the Japanese, came in fewer numbers and spent less than in previous years.

For the first time, Hong Kong fell behind Singapore — 2.4 million visitors — in the simple head count.

The difficulties reflect not only the impact of the world recession, but also Hong Kong's peculiar problems. Not least among them is accommodation. The territory has only 15,000 hotel rooms, and the occupancy rate hovers around 90 percent. Those rash enough to arrive without a reservation can expect little sympathy, and there are too frequent cases of overbooking.

Inflation and the increasing demands of retail outlets have done much to erode Hong Kong's reputation for bargains. Visitors can still delight in bagging with stall owners down bustling narrow alleyways, but can expect to pay New York prices for luxury items in the lavish shopping areas that have sprung up in recent years.

Of course, Hong Kong's entrepreneurs are ever mindful of market forces, and hope to reverse the trend of slackening growth in tourist arrivals and expenditures.

Next year, 2,000 more hotel rooms will become available, and by 1983 the total should approach 20,000.

'Courtesy Campaign'
 The tourism association has instituted a "courtesy campaign," with prizes for those employees who collect the most color-coded "courtesy vouchers" from tourists.

The Hong Kong Arts Festival and the annual Festival of Asian Arts are being pushed as lively attractions, and efforts are under way to revive local cultural events.

The government is under pressure to further develop Lantau, the largest offshore island, providing tour facilities in its relatively unspoiled rural areas.

A major new monastery has been built at Miu Fat in the New Territories, and older temples are being refurbished.

The next major areas of growth, the industry hopes, will be in the conference field. The construction of a major, custom-built exhibition and conference center is under serious consideration.

— PETER CORDINGLEY

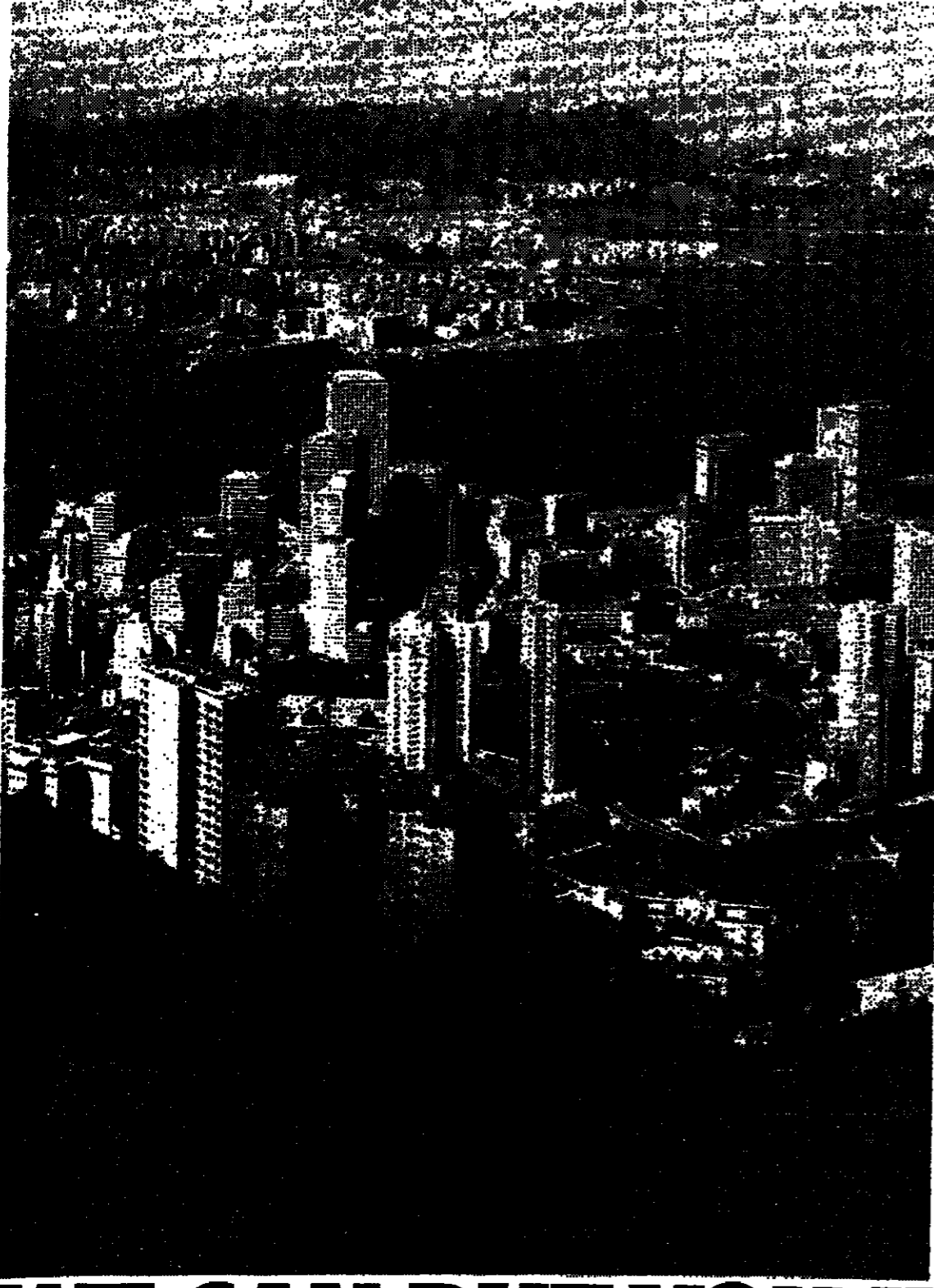
Next year, 2,000 more hotel rooms will become available.

an designer fashions, cameras, electronic equipment, jewelry, antiques — indeed, an endless list of tax-free items in a shoppers' paradise?

Hong Kong is also a natural staging post between Europe, Australasia, Japan, North America and within Southeast Asia itself; and it is the natural jumping-off point for visits to a newly open China.

Last year, 2.3 million people visited Hong Kong, an increase of 4

HONG KONG



Buyers over the world recognise that Hong Kong is manufacturing a wide variety of high quality, competitively priced products. However to most European buyers, time means money, and to travel thousands of miles on a buying trip to Hong Kong often means weeks away from their business. The Hong Kong Trade Development Council offers overseas businessmen a wide selection of venues in Europe where they can see special "Made in Hong Kong" product displays. These include Hong Kong product exhibitions at leading trade fairs and specialized business group visits to major cities throughout Europe. During 1982 you can see many Hong Kong product displays in Germany, France, Italy, Austria, Switzerland, Denmark, Sweden, Netherlands and the United Kingdom. The H.K.T.D.C. has 26 offices throughout the world — 13 in Europe — to help you find the right business contacts in Hong Kong. For more information on product displays and the complete range of services available to you contact the H.K.T.D.C. office nearest you. The service is free — the business unlimited.

Time for Diversions, Old and New

By Harry Rolnick
TWO YEARS AGO, when the Hong Kong government proposed longer vacations for workers, the bosses were outraged — not so much because it would harm production, they said, but because the extra leisure time would be bad for them.

"Workers," the Chinese Manufacturers' Association said, "do not need holidays. When they aren't working, they waste their time playing mah-jong. They have no idea what to do with their leisure time, so they'd do better to stay at work."

Putting aside the obvious mercenary motives behind the suggestion, it is nevertheless true that one of the dominant sounds in Hong Kong's great housing estates is the cacophonous din of ivory tiles being shuffled and banged on countless tables.

But while mah-jong may be the noisiest way to relax, official figures show that most people in fact spend the evening in the same way as people from Rio de Janeiro to Reykjavik: in front of a television set.

TV Programs
 No less than 95 percent of homes have at least one set, and the four channels (two in Chinese and two in English) broadcast an average of 75 hours a week of locally produced shows, soap operas, U.S. (and a few British) potboilers and — possibly because they are forced to under the terms of their license — news and current affairs programs.

But if mah-jong and the small screen dominate the weekdays, the weekends herald the great exodus, by land and by sea. Families pile into automobiles and head off for the stunning country parks close to the Chinese border, while triple-decker ferries take battalions of city dwellers with their cassette radios to outlying islands for a day of picnicking or beach-going.

Swimming is another matter, however. The water is so polluted that there is a serious risk of infection at some beaches — so much so that at one time the government considered introducing a flag system to indicate whether it was safe to enter the water. The other problem with swimming is that the beaches are often so packed that, when the adventurous bather returns to his spot on the sand, he may find that his belongings have been piled together and somebody else has occupied his patch.

Soccer is the big spectator sport, attracting crowds of more than 20,000 for major games, but stands have been falling off in recent years and there has been some public disaffection.

But the name of Hong Kong's real game is gambling — on horse racing, the lottery and the stock

TV and mah-jong are the big pastimes... But the name of Hong Kong's real game is gambling — on horse racing, the lottery and the stock market.

market. Playing the stock market is now such a popular activity that at least one finance house has set up what is virtually a betting shop for the stocks and shares punters. They sit in rows of chairs in front of a bank of closed-circuit television screens that give the latest "odds" on listed companies, and from time to time they make their choice and go to a window to make their "bets."

Nothing, however, compares with the fever for horse racing. Even before the Light Brigade made its suicidal charge into the Valley of Death in the Crimean War, horses were racing in Hong Kong. And the course, at Happy Valley, is still operational, along with a magnificent new one at Sha Tin that has been described as the best in Asia.

With 30,000 punters at each meeting (there are seven meetings a month during the nine-month season) and with an estimated 500,000 others betting at off-track

centers, something like one Hong Kong resident in six is biting his nails on racing day.

Then there is that ageless Chinese pleasure: eating. Confucius said (evidently among a lot of other things) that good food is "the first happiness." On weekends, Hong Kong goes happy on masses. Sunday is the big day, when the 4,000 or so restaurants in town feed something like 2.5 million people. Families, clans and friends step off the treadmill for one day to enjoy some of the finest food in the world, a bit of gossip and the pleasure of just getting together.

Hollywood of Asia
 When the television is not blaring and the mah-jong tiles and chopsticks are laid aside, there are movies. Hong Kong, along with Taiwan, is not only the Hollywood of Asia (about 140 films a year are produced at the Shaw Brothers and Golden Harvest studios) but its own cinema attendance is phenomenal.

There are about 80 cinemas in town and last year they sold 65 million tickets. On average, that is one trip to the movies a month for every person in the territory. Despite the Western cultural overlay, it is the Chinese-language films that are the big attraction. This year, only two Western movies, "For Your Eyes Only" and "Superman II," made the top 20.

Not everybody who goes to the cinema is a movie buff. Conditions in many homes are often so crowded, with sometimes three generations under the same roof, that the movie house offers relative privacy.

So do the public parks. In the morning, they are the domain of thousands of people practicing tai chi, a graceful slow-motion form of martial art, but in the evenings the young couples move in. They lie among the shrubs, oblivious to the "keep off the grass" signs and the passers-by, while the more conventional ones sit and hold hands on the benches and the latecomers make do with stand-up embraces against a tree.

All the trees in the largest of Hong Kong's urban parks, Victoria Park, lean in one direction. Romanians say that it is not the typhoons that have done that, but generations of young lovers.

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BUSINESS NEWS BRIEFS Vietnam in Arrears on More Than \$300 Million in Japanese Loans

Krupp Stahl Expects to Break Even in '82

BOCHUM, West Germany — Krupp's subsidiary Krupp Stahl said Thursday it expects to break even in 1982, after an improvement in results since October.

AEG-Telefunken Sees No Profit Again for '81

FRANKFURT — AEG-Telefunken's domestic group will show no profit in 1981 with losses being offset by 400 million Deutsche marks of extraordinary profit and 240 million DM of aid from banks.

Bethlehem Steel Sells Tax Credits

BETHLEHEM, Pa. — Bethlehem Steel says it plans to sell tax credits to R.R. Donnelley & Sons for about \$45 million.

Chrysler Approached on Sale of Defense Unit

DETROIT — Chrysler says several companies have approached it about purchasing Chrysler Defense, producers of the U.S. Army's M-1 tank.

Bank of Japan Cuts Discount Rate

By Shigehiko Togo

TOKYO — In a bid to bolster the sagging performance of Japan's domestic economy, Japanese monetary authorities Thursday decided to reduce the Bank of Japan's official discount rate by 0.75 percentage point to 5.5 percent.

Private trade analysts here are concerned, however, that the cut might help pave the way for a weakening in the value of the yen that could increase friction in already sensitive trade ties with the United States.

By Urban C. Lehner and Masayoshi Kanabayashi

TOKYO — Vietnam, apparently strapped for foreign currency, has failed to make its latest payments of interest and principal on more than \$300 million in loans from Japan, government and banking sources here say.

U.S. Aides Give Japan Stern Trade Warning

By Tracy Dahlby

TOKYO — Reagan administration officials ended two days of trade talks here Thursday by issuing an ultimatum that Japan must move quickly to open its markets to more U.S. goods or face a protectionist backlash in Congress.

Economic tensions between the two countries have escalated with the huge and sharply expanding U.S. trade deficit with Japan. According to senior U.S. officials, the figure is expected to reach \$18 billion to \$19 billion by 1981.

make a decision which we cannot make for it — whether to open its own market or to sacrifice some of its access to the U.S. market."

Japanese officials reportedly also raised a number of their own complaints on U.S. practices, which they claimed have impeded trade between the two countries, including a ban on Alaskan crude oil shipments to Japan and restrictions on U.S. log exports.



David MacDonald

Stock Prices Post Small Gain in New York

From Agency Dispatches

NEW YORK — Prices on the New York Stock Exchange closed slightly higher Thursday after a day of featureless trading.

Mobil Move Called 'Last Gasp' Try

By Howard Luxenberg

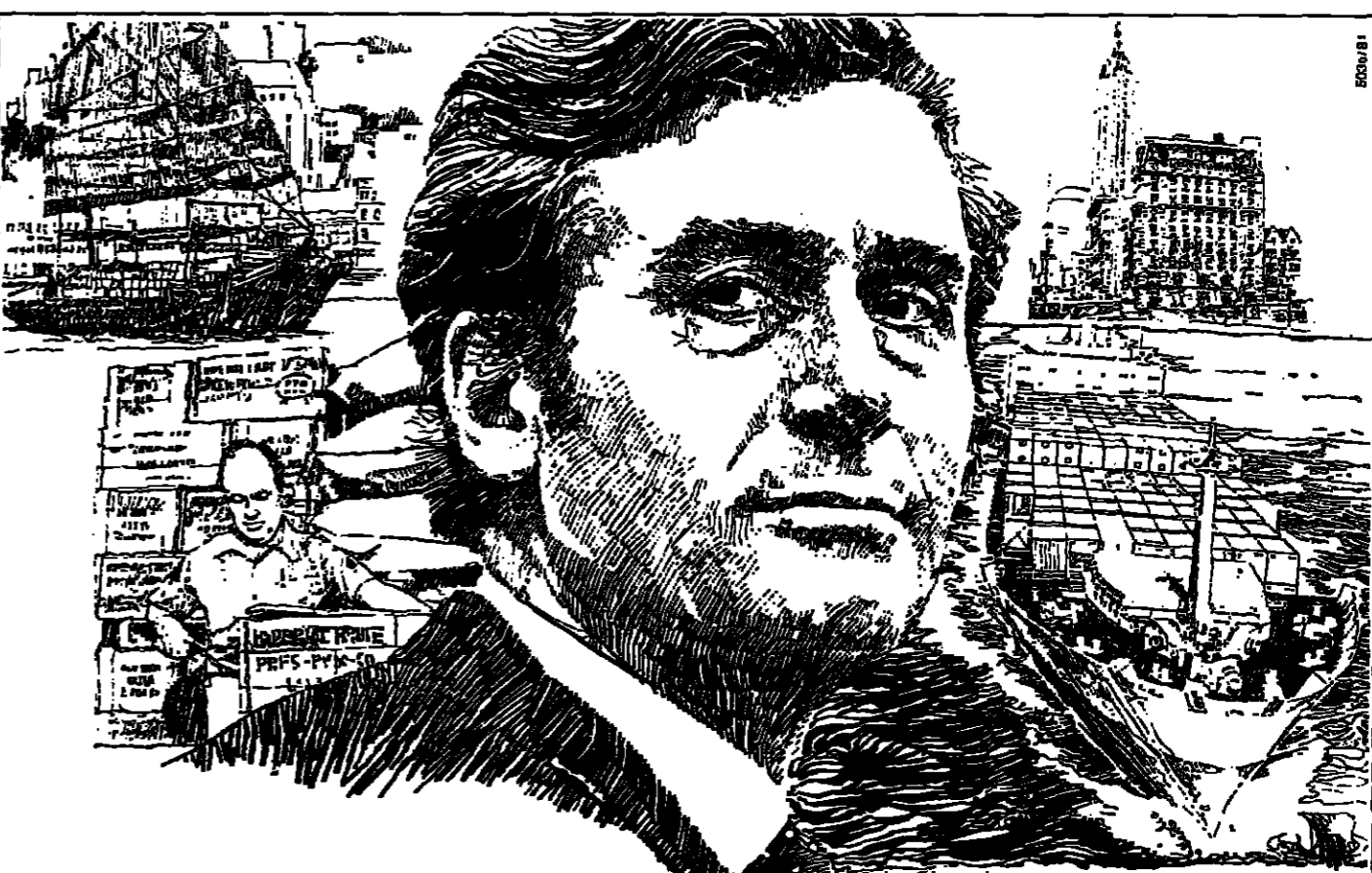
NEW YORK — Mobil, fighting to remain in the bidding for Marathon Oil rich U.S. oil reserves, could face new antitrust hurdles in its plan to buy a stake in U.S. Steel Corp., analysts and legal sources said Thursday.

They also viewed Mobil's move as an admission that it has lost out to U.S. Steel in the takeover battle for Marathon and is making a "last gasp" course in pursuit of Marathon's interest in the huge Yates oilfield in West Texas.

could emerge," said George Hay, professor of law and economics at Cornell University Law School.

Federal law requires that any contemplated purchase by Mobil be subject to a 30-day waiting period, and an additional 20 days would be necessary if either the FTC or the Justice Department seek additional information.

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EEC Commission Seeks Antitrust Powers

By Craig Anderson

BRUSSELS — The EEC Commission is seeking new powers that would enable it to place curbs on large-scale company mergers within the community.

member states. Many EEC countries were suspicious of what they saw as an encroachment on national rights to control mergers and monopolies.

Under the proposed regulations, companies would have to give the commission prior notification of any proposed mergers, and EEC competition authorities would have the power to block any linkups they considered harmful to competition across the community.

VW Earnings Plunged 94% In First 9 Months of Year

By Robert Anderson

WOLFSBURG — Group profit of Volkswagenwerk tumbled 94 percent to 15 million Deutsche marks in first nine months 1981 from 252 million DM in the 1980 period.

Reasons exist for higher group sales in 1982. In the second quarter, the company reported its first loss since 1975, 28 million DM due to losses by the Brazilian subsidiary and Triumph Adler, a typewriter and computer subsidiary.

\$1.1 Billion Facility

BRUSSELS (Reuters) — The EEC Commission has asked member governments for approval to raise the full \$1.1 billion available under the second phase of the New Community Instrument, or Orto facility, commission sources said Thursday.

EEC Seeks Talks

BRUSSELS (Reuters) — EEC officials said Thursday they hope to arrange trilateral trade talks with the United States and Japan in Washington for mid-January.

Senate Delays Action On Aid to U.S. Thrifts

By Washington Post Staff

WASHINGTON — Action on emergency legislation to help safeguard the thrift industry — savings banks and savings and loan associations — has been delayed until February at the earliest, according to Republican Sen. Jake Garn of Utah.

CURRENCY RATES

Interbank exchange rates for Dec. 10, 1981, excluding bank service charges.

Table with columns for Currency, Par, and Dollar Values. Includes entries for Australia, Austria, Belgium, Canada, Denmark, France, Germany, Greece, Hong Kong, Italy, Japan, Korea, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, Taiwan, Thailand, United Kingdom, and U.S.

COMPANY REPORT

Revenue and profits, in millions, are in local currencies unless otherwise indicated.

Table with columns for Company, Revenue, and Profits. Includes entries for Canada and Singapore.

Dollar Values

Table with columns for Currency, Par, and Dollar Values. Includes entries for Australia, Austria, Belgium, Canada, Denmark, France, Germany, Greece, Hong Kong, Italy, Japan, Korea, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, Taiwan, Thailand, United Kingdom, and U.S.

NYSE-Nationwide Trading Closing Prices Dec. 10

Tables include the nationwide prices up to the closing on Wall Street.

Large table of NYSE stock prices with columns for stock names, prices, and changes. Includes sub-sections for 'Continued from Page 14' and '12 Month Stock High Low Div. in % Yld. P/E Ratio'.

Amsterdam

Table of Amsterdam stock market data including various stock prices and indices.

Other Stock Markets

Table of other stock markets including Singapore, Paris, Hong Kong, Brussels, Frankfurt, London, and Milan.

Singapore

Table of Singapore stock market data.

Quotations in Canadian funds

Table of Canadian fund quotations.

Toronto Stocks

Table of Toronto stock market data.

European Gold Markets

Table of European gold market data.

Floating Rate Notes

Table of floating rate notes with columns for bank names, rates, and maturities.

Eurocurrency Interest Rates

Table of Eurocurrency interest rates for various currencies and terms.

Selected Over-the-Counter

Table of selected over-the-counter stock prices.

Montreal Stocks

Table of Montreal stock market data.

European Options Exchange

Table of European options exchange data.

Gold Options

Table of gold options data.

Valeurs White Weld S.A.

Table of Valeurs White Weld S.A. data.

Money grows in pools

Advertisement for Dollar Capital Growth featuring a large graphic of a pool and text about stock options.

Large advertisement for Krugerrand gold coins with the headline 'NOBODY WILL EVER KNOW THAT YOU MADE A FAVOURABLE INVESTMENT IN KRUGERRANDS' and images of the coins.

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AMEX Nationwide Trading Closing Prices Dec. 10

Tables include the nationwide prices up to the closing on Wall Street.

Table with columns for 12 Month Stock, High, Low, P/E, Div, and various stock symbols like AAV, ABA, AIC, etc.

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AMEX Nationwide Trading Closing Prices Dec. 10

Tables include the nationwide prices up to the closing on Wall Street.

Table with multiple columns showing stock prices for various companies, including symbols, names, and prices.

U.S. COMMODITY PRICES

Table listing commodity prices for items like wheat, corn, soybeans, and various oils, with columns for price, change, and volume.

Chicago Futures

Table of Chicago futures prices for various commodities, including grain and metals.

International Monetary Market

Table showing international monetary market data, including exchange rates and interest rates.

New York Futures

Table of New York futures prices for various commodities.

Dividends

Table listing dividend payments for various companies, including the amount and date.

Market Summary

Summary table of market activity, including volume and price changes.

NYSE Most Actives

Table of the most active stocks on the NYSE, listing symbols and volume.

Cash Prices

Table of cash prices for various commodities and metals.

Commodity Indexes

Table showing commodity indexes for different sectors.

London Metals Market

Table of London metals market prices for various metals.

Dow Jones Averages

Table showing the Dow Jones Industrial Average and other market averages.

Dow Jones Bond Averages

Table showing Dow Jones bond averages and interest rates.

Standard & Poors

Table of Standard & Poors stock and bond indices.

London Commodities

Table of London commodity prices for various goods.

NYSE Index

Table of NYSE index performance and volume.

Odd-Lot Trading in N.Y.

Table of odd-lot trading activity in New York.

American Most Actives

Table of the most active American stocks.

Paris Commodities

Table of Paris commodity prices.

AMEX Index

Table of AMEX index performance.

Futures Dow Jones

Table of futures Dow Jones index data.

Canadian Indexes

Table of Canadian market indexes.

Large table of stock prices for various international companies, including symbols and prices.

Table of stock prices for various international companies, continuing from the previous table.

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Paris Commodities

Table of Paris commodity prices.

AMEX Index

Table of AMEX index performance.

Futures Dow Jones

Table of futures Dow Jones index data.

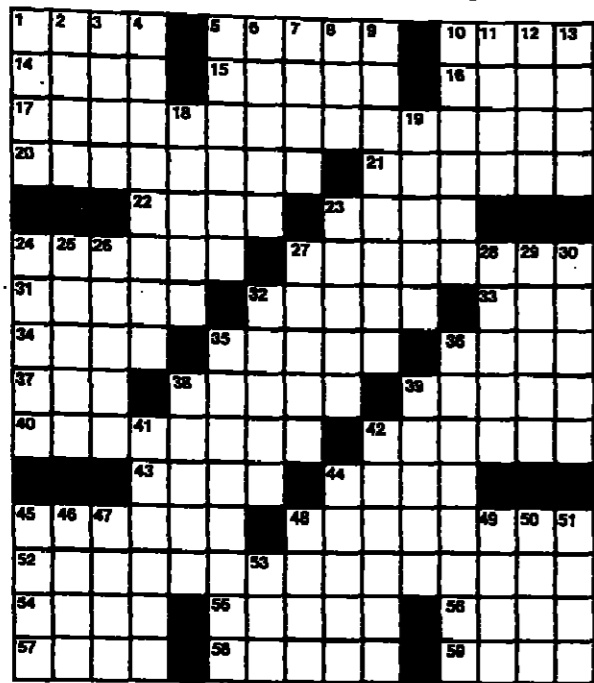
Canadian Indexes

Table of Canadian market indexes.

Table of stock prices for various international companies, continuing from the previous table.

CROSSWORD

By Eugene T. Malaska



- ACROSS
1 South
5 "Blamores-ken" composer
10 Sobowell
14 Draft status
15 Beat
16 Former queen of Jordan
17 Hero of a 1914 novel
29 Mike (steak)
21 Kind of antenna
22 Roman historian
23 Flyway sound
24 Bird that walks on floating leaves
27 One of Rome's seven
31 "Not with...": Elliot
22 Without sparkle
33 Ending with day
34 Sidekick
35 Exercise
36 From (the works)
37 Turku, to Swedes
38 Shimmering pattern
39 Cut back
40 That can be identified
42 Criticized
43 Hospital dept.
44 Ballet leap
45 Servile
46 Certain aircraft
52 Creator of 17 Across
54 Sommer
55 Tavern offering
56 Smidgen
57 Whittail
58 Saps slowly
59 Wife of Wang Lung
DOWN
1 Panama gum tree
2 Once more
3 Yakutsk's river
4 Where the Choptank flows
5 Object of "Tom's peep
6 Neglected
7 Yes
8 Old English letter
9 Benevolence
10 Asian capital
11 Chronolithograph, for short
12 Meet, as a need
13 Pass the peak
18 In debt
19 Blazing
23 Veil material
24 Land of sake
25 Rhymer scheme
26 Rebound
27 Lots of paper
28 — to par (ailing)
29 Solo
30 Did nothing
32 In a matter-of-fact way
35 Fight
36 Certain chord
37 Sergeant's command
38 A founder of the Liberal Association of South Africa
41 Devonshire's capital
42 Call it a night or a day
44 Faked out of position
45 In the crib
46 Tree trunk
47 Dangerfield product
48 Ship on which Hercules sailed
49 Chemical suffix
50 List of persons
51 Judah's wicked son
53 Bern's river

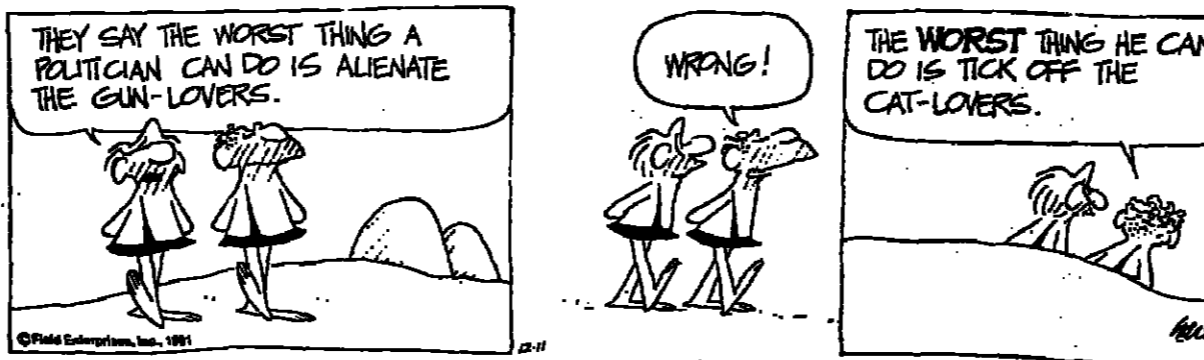
WEATHER

Table with columns for location, high, low, and weather conditions. Locations include ALGARVE, ALSTERS, ANSTERDAM, ANKARA, ATHENS, AUCKLAND, BANGKOK, BEIRUT, BELGRADE, BERLIN, BOSTON, BRUSSELS, BUCHAREST, BUDAPEST, BUENOS AIRES, CAIRO, CAPE TOWN, CASABLANCA, CHICAGO, COPENHAGEN, COSTA DEL SOL, DAKAR, DUBLIN, EDINBURGH, FLORENCE, FRANKFURT, GENEVA, HELSINKI, HONG KONG, HOUSTON, ISTANBUL, JERUSALEM, LAS PALMAS, LIMA, LISBON, LONDON, LOS ANGELES.

PEANUTS



B.C.



B.LONDIE



B.E.T.L.E.B.A.I.L.E.Y



A.N.D.Y.C.A.P.P



W.I.Z.A.R.D.O.F.I.D



R.E.X.M.O.R.G.A.N



D.O.O.N.E.S.B.U.R.Y



BOOKS

THE LITERARY LIFE AND OTHER CURIOSITIES.

By Robert Hendrickson. Illustrated. 406 pp. \$25. Viking, 625 Madison Avenue, New York 10022.

Reviewed by John Leonard

There is much that is familiar in Robert Hendrickson's compendium of oddball facts about people who write, publish and criticize books... and why not? It deserves to be familiar, especially to those of us who are addicted to similar compendia from Oxford and Knopf and those of us who read literary biographies instead of Gothic novels on supply-side economics. That which isn't familiar in "The Literary Life" is equally entertaining and equally useless. We are talking here about the box scores of major league writers, whether or not we've ever actually gone to the game of Froust or Joyce, whose "Dubliners" was rejected by 22 publishers... Hendrickson has a perfect wayward mind, although sometimes he can't count. (There are 27 letters, not 26, in the pangram "Frowzy things plumb vexed Jack Q.") He will receive a wayward review. (How come, in a chapter on "nooses" that begins with Cyrano, there is no mention of Gogol?) I know that Shakespeare and Cervantes both died on the same day, April 23, 1616. Did you know that James Agee and Robert Lowell both died in tobacco? If it was all right for Seneca to write speeches for Nero, then it was certainly all right for Mark Twain to write speeches for Ulysses S. Grant, or was it? The poet Snorri Sturluson was the richest man in Iceland, although that was a long time ago, 1179-1241. Sainte-Beuve, on being challenged to a duel, was given his choice of weapon and replied: "I choose spelling. You're dead." Ibsen had a picture of Strindberg over his desk: "He is my mortal enemy and shall hang there and watch what I write." Dickens, Twain, Maxim Gorky, Alberto Moravia and Sean O'Casey never finished grade school. (Hendrickson omits the fact that Dickens sent his sons to Eton.) Dante, Marlowe, Milton, Marvell, Defoe, Byron, Kipling, Maugham and Graham Greene were spies. (Whose is Anthony Blunt?) Dumas (le), Boccaccio, Erasmus, Alexander Hamilton, Strindberg, Apollinaire, Jack London and T.E. Lawrence were "illegitimate." Pope, Keith, Balzac, Voltaire and the Marquis de Sade were short. Mickey Mouse was banned in Nazi Germany in 1933, in the Soviet Union in 1936, in Yugoslavia in 1937, in Italy in 1938 and in East Germany in 1954. Pascal invented his own geometry at age 11. Sophocles, who lived to be 90, was summoned into court to prove he wasn't senile; he read to the jury his latest play, "Oedipus at Colonus." The New Yorker receives 3,000 poems each week and prints 150 a year. Edgar Allan Poe long-jumped 21 feet at West Point, and Rudyard Kipling invented winter golf. Christina Rossetti had a pet woman. Woody Allen's real name is Allen Stewart Konigsberg. The list of writers who ran for public office and lost should have included Gore Vidal and William F. Buckley Jr. The chapter on what writers have said about their critics should have included at least two execrations by Nietzsche, although Twain is very good: "The critic's symbol should be a tin can; he deposits his egg in somebody else's dung, otherwise he could not hatch it." The chapter on alcoholic writers is far too short, although it is heartening to learn that Fitzgerald wrote "The Great Gatsby" while on the wagon. The chapter devoted to romans a clef is shockingly skimpy, but it is nice to know there really was a Moby Dick, whose real first name was Mocha. Ibsen's last words, on being told by a nurse that he was improving: "On the contrary!" Hegel's last words: "Only one man ever understood me... and he didn't understand me." O'Henry's last words: "Turn up the lights; I don't want to go home in the dark." According to Hendrickson, when Richard Porson was told that Robert Southey's epic poems would be read after Shakespeare was forgotten, Porson said: "Yes — but not till then." I've heard three other versions of this anecdote, and all of them mentioned Homer and Virgil instead of Shakespeare. Does this matter? Of course not. Any chapter on sex and writing ought to have included Baudelaire, who said that each poem meant one less erection. Chaucer was 61 when he finished "The Canterbury Tales"; Goethe was 83 when he finished "Faust." Lope de Vega wrote 2,200 plays, 1,700 of which were lost or stolen. That's the good news. The bad news is that Freud was paid \$205 for "The Interpretation of Dreams" and that Plato, on deciding to follow Socrates, turned all his own poems. Thomas Carlyle, Michelangelo, Cole Porter and Les Miserables were all left-handed. Thackeray died of overeating. Dates brown four times as many books from libraries per 1,000 population, as Americans do. Cervantes's IQ is said to have been 105; by someone whose own IQ must have been half that. "Eccyriest," H.L. Mencken meant "stripteaser." There are chapters on writers who died too young and writers who lived too long; on writers who were blind and writers who drank too much coffee; on clerks, colophons, puffs, blurbs and hoaxes; on Samuel Goldwyn and Mrs. Malaprop; "She's as headstrong as an allegory on the banks of the Nile." I am saving the best stuff to dazzle the unwary on another occasion. Hendrickson had better get used to being stolen from.

John Leonard is on the staff of The New York Times

Books With No Frills — Like Titles

NEW YORK — They are as exciting as the can of peas or dog food on the supermarket shelf labeled "No frills," for a few cents less. They are also U.S. publishing's latest gimmick — the perfect present for the person who judges a book by its cover. They are No-Frills books. Each book has a white cover with a black band across it and black lettering, proclaiming "No-Frills Book" and the title — "Science Fiction," "Mystery," "Western" and "Romance" are now out, and more are ready if the public takes to them. Each cover lists ingredients. "Mystery" comes "complete with detective, telephone, mysterious woman, corpse, streets, rain." "Romance" contains "a kiss, a promise, a misunderstanding, another kiss, a happy ending." No-Frills books are partly the brainchild of an editor at Jove Books, Terry Bissen, who recommends wandering in the cheese-food section of his supermarket: "What would happen when this fad hits publishing?" He and several writers and editors formed No-Frills Entertainment Associates. The books cost \$1.50, about half the price of the average paperback. None of them carries an author's name. Each was written by a specialist in a specific genre who was told to keep his word to 18,000 words and to avoid originality. "The whole idea was to stuff the book with every cliché imaginable," Bissen said. "Western" ends with the hero riding into the sunset. "Romance" includes such lines as: "Wordlessly, he swept her into his arms, and their spiral of ecstasy began." If they sell well, others are planned, such as a No-Frills coffee table book, which would contain black and white pictures of a coffee table. "It would be the only gift which would be better to give than to receive," Bissen said.

Solution to Previous Puzzle

Grid solution for a previous puzzle with words like GULF, PROWL, TRAIN, RADIANT, ANZONA, OSTRICH, etc.

BRIDGE

By Alan Truscott

A PLAYER in a suit contract with a void in his hand opposite a king-queen combination in dummy usually takes a ruffing finesse, hoping that the ace is on his right. A version of this might better be called the bluffing finesse. South's second-round jump showed a powerful diamond suit with outside strength. Since the club ace was marked with East, South happily accepted the slam invitation when her partner cue bid to show the spade ace. Two aces in the dummy would have made the slam a virtual lay-down, but as it was there was work to be done. With a normal trump split, the major suits would have to provide the 12th trick. East took the club ace and returned the suit in the hope that his partner could ruff. South won with the king and played the diamond ace. When the singleton queen fell, she was able to enter dummy by leading to the jack. Now South took her bluff finesse by leading the heart king. When East played low promptly, South ruffed, feeling sure that the ace was on her left. Then she ran trumps to reach this position: NORTH: A♦, Q♠, 7♥, 4♣. WEST: 9♠, 7♥, 4♣, 4♦. EAST: Q♠, Q♣, 10♥, 4♦. SOUTH: K♠, 10♥, 9♣, 4♦. Neither side was vulnerable. The bidding: 10♥ Pass, 10♥ 3♣, 4♣ Pass, 4♣ Pass, 4♣ Pass. West led the club nine. It did not matter whether the spade jack was unblocked. It was clear that neither defender could guard spades. When the last trump was led, West had to part with a spade to keep the heart ace. The heart queen was thrown from the dummy, and East threw the heart ten. South led to the spade ace and played the jack to the king, knowing that the queen would fall from someone to provide the 12th trick.

JUMBLE. THAT SCRAMBLED WORD GAME

Jumble word game section with scrambled words like TEELI, SPAWM, BOGENY, FLAMEE and a cartoon illustration of a man thinking.

DENNIS THE MENACE



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Observer

My Nephew Roald

By Russell Baker

NEW YORK — Conservatives aren't as nice as they used to be. Being in charge of things has taken a lot of the joy out of them, I guess.



Baker

Until they got elected, conservatives used to be a lot of fun to spend an evening with. Certainly a lot more fun than liberals. Liberals are people whose hearts are in the right place, and I admit that, but it's always heavy going socially.

suspects he is not altogether sure of admission into paradise is always more entertaining than the fellow who knows for certain that the angels are itching to welcome him.

All this has changed since conservatives became the people's choice. Now conservatives behave the way liberals used to. Getting elected seems to have persuaded them that their hearts are in the right place, after all.

Since the people have finally come to their senses conservatives are not only pleased about having their hearts in the right place, but also scornful of people whose hearts aren't.

Those evenings when you could get away from liberals and have a nice time with conservatives are becoming rare. Drop by a conservative's house for a source nowadays and there are bound to be two or three people there who never blink.

You have dropped in expecting the finest cognac in town, a cigar slyly obtained from the detestable but nonetheless cigar-blessed Havana, and an hour of restorative lip about the human comedy, and what do you get?

"Where is your heart these days?" I never have the nerve to answer, "In the right place." I want my heart to be in the right place, but it rarely is. Liberals have taught me that over the years. I don't want to be caught lying to these fierce conservatives. Say, "I don't know where it is these days," and they insist on locating it immediately.

Prayer, abortion, supply-side economics, auto-exhaust emissions, nuclear power, water pollution, Caribbean dictatorships, etc. I'd just as soon spend an evening having the Humphrey-Hawkins bill explained to me one more time.

Don't get me wrong. I admire earnestness. Nobody ever succeeds in public life without being earnest. Attila the Hun was earnest. Liberals have always been earnest. Now that conservatives have finally discovered earnestness, it looks as if there's no stopping them.

Uh-oh, here comes one now. If I don't get out of here fast he'll tell me why the Laffer curve is the only possible solution and the Humphrey-Hawkins bill a creation of Satan. And not even a dollop of good cognac to wash it down with.

NEW YORK TIMES SERVICE

Author Dahl Finds Children's Books More Profitable

By Nancy Mills

GREAT MISSENEN, England — Does Roald Dahl write for children or for adults? His short stories in The New Yorker over 40 years have been short, sweet tales of greed and lust. His books like "Charlie and the Chocolate Factory" have enthralled millions of children.

The hell with adults! says Dahl perversely and paradoxically. Though his scandalously sexy novel "My Uncle Oswald" is out in paperback, Dahl doesn't plan any followups. His wicked imagination is in the full-time service of children's literature. His nine volumes so far for kiddies have considerably eased his worries about money.

"There are so few good children's books," he says, trying to settle his 6-foot-6 frame comfortably in a chair in the Georgian farmhouse in Buckinghamshire where he lives with his wife, the actress Patricia Neal, and three of their four children.

"As a parent, by the time you've given your children 20 or 30 of the best you know, you're in a vacuum. There simply aren't enough good books to hold children. I'm probably more pleased with my children's books than with my adult short stories. Children's books are harder to write. It's tougher to keep a child interested because a child doesn't have the concentration of an adult. The child knows the television is in the next room. It's tough to hold a child, but it's a lovely thing to try to do."

In the Garden Shed Dahl does all his writing in a garden shed in the backyard. "No one goes in there but me. The place hasn't been cleaned in eight years. Recently our nanny got in there and left droppings all over the floor. I thought, well that's going a bit far, so I swept them up. But I left the cobwebs. It's a cozy nest."

Every morning about 10 he heads for the nest and doesn't emerge until lunchtime. He sits at his desk or stretches out on the floor with a blanket wrapped around his legs and composes in longhand.

"I can't conceive of anyone working on a typewriter," he says. "Writing is fiddling with words, with a pencil and an eraser. In my youth, when I knew Hemingway pretty well, it was naive enough to be assigned the dictation. He'd rewrite, rewrite, rewrite, molding it, getting it right. Then in the end if you do it right, it looks as though you've just dashed it off in one go because it reads so easily—short, clean, neat and crisp."

Dahl, 65, showed no writing promise as a child, when he attended some of Britain's most exclusive boarding schools. His parents were Norwegian, but he was born in Wales. It wasn't until he was injured in a Royal Air Force plane crash during World War II and



Writer Dahl: The hell with adult books.

which he now had five slim volumes. The re-writing series, "Tales of the Unexpected," was seen last year on U.S. television.

Dahl resurrected a character from one of his short stories whom he bills as the greatest predictor of all time for his only adult novel, "My Uncle Oswald," he says, in a parody, "a send-up, to make sex funny. Sex actually is such a crazy, clumsy, half-marvelous, half-terrible thing that the only way to treat it is to be funny."

Dahl doesn't feel the pressure he did when medical bills almost bankrupted the family. He has enough saved away to drive to a London casino at least once a week. "I go more often when Pat's away," he says gleefully. "I love it. Pat doesn't like gambling, so I can't enjoy myself when she's at my elbow."

Meanwhile, "George's Marvelous Medicine" was published this year, and "Dirty Beasts," a coffee-table book of verse with each poem illustrated by a specially commissioned oil painting, is due next year. It's a parody on each of the famous fairy tales like "Cinderella" and "Goldilocks and the Three Bears." If you take a look at the facts as written, Goldilocks was a rude little thief.

PEOPLE: Dinosaur-Hunter Returns To U.S. Empty-Handed

Dr. Roy P. Mackal, the U.S. biologist who went to Africa in search of a dinosaur-like animal has returned with accounts of what might be a new species of snake and of strange footprints in the jungle, but without finding the legendary mokele-mbembe. However, back in his office at the University of Chicago, he said that he was "more convinced now than ever" of the animal's existence in the swampy Ubungu-Congo basin.

Mackal, a 56-year-old research associate in biology, said the highlight of the six-week expedition was finding huge footprints and a wide swath of bent and flattened vegetation. The track led into a river. The size of the rather indistinct footprints were comparable with those of an elephant, Mackal said, but the manner in which the track had been broken by the tail of a huge reptile. If so, he added, it was much taller and larger than any known crocodile. According to reports by missionaries and explorers over the last century, the animal known as mokele-mbembe seemed to be "half-elephant, half-dragon." It was described as being brownish gray with a body the size of an elephant, but with a long and flexible neck and a muscular tail like that of a crocodile.

The Catholic University of the Sacred Heart in Rome conferred an honorary degree of medicine on Mother Teresa of Calcutta, who won the 1979 Nobel Peace Prize for her charity work in India. The university, commemorating the 20th anniversary of the founding of its medical school, cited Mother Teresa's "tireless and devoted" service for the sick.

Cardinal John P. Cody, subject of a federal investigation for alleged misuse of church funds, received a standing ovation following a Mass that marked his golden jubilee in the priesthood. "I never thought I'd live to see 50 years in the priesthood," Cody told the gathering of 900, including 147 fellow bishops in Mundelein, Ill. "These 50 years have been happy ones, though at times filled with some disappointments. And, as you know, we've been in the news these days." Cody, 73, alluded to reports initiated in the Chicago Sun-Times that he is under investigation for allegedly diverting up to \$1 million in church funds to Helen Dolan Wilson, a cousin by marriage.

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